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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

# Alumni Institute Considers Labor and Wages in an Inflationary Economy

**Dr. Arnold R. Weber**, Provost of Carnegie-Melon University and Dean of the Graduate School of Industrial Administration, was the banquet speaker at the Nov. 19 Annual Business Alumni Institute. His topic was "Labor and Wages in an Inflationary Economy."

Dr. Weber, a noted labor economist, has served on many governmental committees including serving in 1971 as the Executive Director of the Cost of Living Council and Special Assistant to the President, and in 1971-73 as public member of the U.S. Pay Board of the Economic Stabilization Program.

**James E. Robison**, BBA 1938, founder and principal builder of Indian Head Inc., a diversified manufacturing company with headquarters in New York City, received the Outstanding

Achievement Award from the University Alumni Association and the College of Business Administration.

**James E. Brinkerhoff**, University Vice President for Finance, Planning and Operations, presented the award.

Alumni who attended the afternoon sessions of the Institute Program had the opportunity to hear two of three panels concerned with "Managing in an Inflationary Economy." College of Business Faculty presented the Discussions which covered "College Contributions to the Management of higher Education," "Valuing Human Beings, The Status of Human Capital Accounting," and "Auditing Exciting? The Frontiers of Current Research."

**Jim Brandt**, '60 BSA, Arthur Andersen & Co., was general chairman of the Institute. **Joyce K. Carlson**, '59

BBA, Control Data Corp., and **Professor Robt. Zimmer** were responsible for Program planning, **John H. Myers**, President, Hoerner Waldorf Corporation, was Honorary chairman.

Copies of Weber's talk and summaries of the three afternoon panels will be available at no charge upon request to the Research Division of the College of Business Administration in the Institute Proceedings. □

## Minnesota Business Conditions Survey

The nation-wide recession in economic activity is reflected in the February 1975 survey of Minnesota business conditions.

The current situation is characterized as follows:

1. The slowdown in manufacturing and retailing is being accompanied by reduction in inflationary pressures.
2. Manufacturing production continues to decline.

*Business Conditions to column 4*

University Vice President Brinkerhoff presents award to Robison



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*Business Conditions from column 3*

3. New orders for manufacturing are down.
4. Inventories of purchased materials and merchandise are being reduced from three months ago.
5. Retail sales are down seasonally but about the same as a year ago.

The results of this survey are consistent with the view that the nation's economy will not start recovering until after the middle of the year.

The survey is conducted through the business school's Bureau of Business Research. The results are based on the responses of 97 of 140 survey panel members in manufacturing and retail companies from all parts of the state. The survey asks questions about business conditions in the first quarter of 1975. For a complete report, write or call the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455 (373-4479) □

## Graduate Student Surveys Minority Business

What is the key problem of minority business owners as seen by them? Enough steady sales and insufficient working capital, they say.

In a study done last year by Jane Brown, a minority woman graduate student in the Graduate School of Business Administration, the need for a program to stimulate greater private, public and community patronage of minority businesses was noted as a priority.

The principal purpose of the study was to identify areas where revised or additional programs were needed to enhance the successful performance of minority entrepreneurs. In addition, a more accurate description of the minority business activity within the Twin City Metropolitan Area was to be developed.

The data was collected by individual interview. 309 of the 399 known minority businesses completed interviews. Of the remaining 90, 41 had gone out of business, 22 refused the interview and 27 could not be contacted. All interviewers were minority persons who were assigned business owners of their own minority group to reduce the language and sensitivity barriers of communication.

Some conclusions and recommendations which the study produced are: 1) priority emphasis should be concentrated on developing the MEDA (Metropolitan Economic Development Association) Vendor Program to stimulate greater patronage of minority businesses. This action should ensure more steady sales, the number one problem of minority business. Ron Henrickson of MEDA says that the vendor program is very helpful in cultivating sales by providing a list of minority suppliers with proven success records to purchasing agents for large corporations and government agencies; however much remains to be done.

Fostering sales is the third and completing link in the chain of success for minority business says Charles Poe, President of MEDA. Fi-



**Jane Brown**

nancial resources and management training/assistance are the first two links. MEDA attempts to assist in all three areas, apparently with success, since the study revealed that their services were seen to be more beneficial by more businesses than SBA (Small Business Administration) services.

Recommendation 2) A more extensive training and assistance program should be developed to sharpen the estimating and bidding skills of contractors and provide more accessible bonding and government contracts.

3) A more intensified training program in bookkeeping should be established. In addition, attracting and paying competitive salaries to competent personnel was found to be one of the most important problems. A MEDA Business Leadership Training Program is now underway which encourages achievement motivated behaviors and stimulates the development of realistic and challenging goals for business creation and expansion.

4) To provide assistance to the larger minority business that could also benefit the smaller business, it was recommended that MEDA align these businesses with more experienced companies of the same kind and/or with trade and professional

*Graduate Survey to column 7*



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### Graduate Survey from column 6

organizations who would help to set up better cost control methods, employee training where necessary, or joint ventures that would create an opportunity for minority business to enter a particular market.

MEDA reports that its big-brother program is useful to contractors enabling them to sit down and go over their bids item by item with a successful counterpart business operator.

And finally, 5) To enhance the communication and acceptance of constructive solutions provided by the business analyst, a participatory approach to solving client problems was suggested.

The study was made possible through the cooperation and guidance given by MEDA staff, by Professors Jack Gray of the Accounting Dept. and Bill Rudelius of the Marketing Dept. of the College of Business, and several Twin City minority businessmen who served as initial advisors to the project. In addition to advice and counsel, funds were contributed by the Center for Urban and Regional Affairs, the Graduate School of Business and MEDA for various items in connection with the project.

In discussing the project, Jane Brown expressed her appreciation for the assistance and support given by MEDA. "It was the crucial element in gaining the cooperation of the minority businesses and in the overall success of the research project," she stated.

Jane Brown received her undergraduate degree from North Central College in Naperville, Illinois in 1965 and expects to receive her MBA in the Spring. She is employed as a loan analyst for Northwestern National Bank of Minneapolis and hopes to become a loan officer in the Commercial Loan Dept. after gaining more business experience. □

## Century Council Highlights

**John A. Kvam**, BBA '50, Vice President of the Commercial Department of Northwestern National Bank of Minneapolis, has been named chairman of the Century Council for 1975. He has been a member of the Alumni Board since 1974.



**John Kvam**  
Century Council Chairman

Chairman Kvam is busy 'brushing up' on the Century Council and the College of Business and the needs which the Century Fund attempts to service. He promises you will hear from him later, but he has high hopes of being able to expand the number of contributors to the Century Fund during 1975.

The Century Council, established in 1972 by the College of Business Administration Alumni Assn. and the University Foundation, seeks annual contributions of \$100 or more to underwrite special needs of the College over and above those met through regular state funds.

Further information is available by calling Bill Tippie, Director of Annual Giving, U. Foundation at 376-3393 or John Kvam, Century Council Chairman, at 370-8647. □

## Enrollment Increase Causes Resource and Space Problems

The 22 percent undergraduate enrollment increase from Fall 1973 to Fall 1974 has caused problems not only in getting enough teachers but also in getting enough space, classroom and office, Dean C. Arthur Williams has stressed to University administrators in presenting the College's budget request for the 1975-77 biennium. There has been a 4 percent increase in graduate enrollment.

In the five year period since 1969 the undergraduate enrollment increased 75 percent and the graduate increased 8 percent. The Fall 1969 undergraduate enrollment was 920; Fall 1974 was 1,612. The 1,612 figure already exceeds the enrollment predicted for Fall 1976 when the budget request was originally presented last spring. At that time the College expressed its deep concern about the number of course sections closing early in the registration period and the large class sizes. The unexpected, dramatic increase this Fall intensified these problems.

The solution is more faculty but even if this year's legislative request were to provide 20 new faculty members we need to handle adequately our present and anticipated enrollment we wouldn't know where to house them, Dean Williams said. Office space is already at a premium with junior faculty having to share desks as well as offices.

The college's enrollment increase has resulted in part from a 75 percent increase of women undergraduate business students over last year. 258 (16 percent) of the 1,612 undergraduates are women. In addition, an increasing number of students from community colleges have been entering the college as juniors.

University enrollment increased 3.8 percent over last year's with the largest program increases in post-M.D. medical fellows, Dental Hygiene, Biological Science, Business, Duluth Medicine and Social work. Declining enrollments were reported in General College, Home Economics and Education. □

**Henry W. Dornseif**, BBA '49, Executive Vice President, WCCO Radio, has been elected President of the Alumni Board; **Jim Brandt**, BBA '58, Arthur Andersen & Co., Vice President; **Tom Leary**, BBA '55, Vice President, 1st National Bank of Minneapolis, Secretary-Treasurer. They were elected by the new Board at its January meeting.

New Board members elected at the November annual meeting of the Alumni are: **Carol (Larson) Berndt**, BBA '69, Systems Analyst, Carlson Companies; **Jim Brandt**; **Edward Landis**, Regional Educational Center Manager, IBM; **Richard D. Thorsen**, BBA '47, CPA, Partner Anderson, Lieser and Thorsen. Two student members were added to the Board this year: **Heidi Johnson** representing the graduate students, and **Don Warner**, Business Board President, representing undergraduate students.

In addition to selecting officers for the year, the Board initiated plans for several of the annual events it sponsors. The Alumni Board-Faculty Dinner was set for April 3, Alumni Quarterly Lecture May 2, and the Alumni Institute for November 18.

**Bill Huot**, BBA '70, has worked in community organization in Victoria, B.C. for the past several years and is now a full-time graduate student at the University of Victoria in a Masters program in Public Administration.

**Walter C. Bloomquist**, BBA '35, has recently retired from General Electric as consultant, Market Development, Industrial Power Systems and lives in Schenectady.

Don't say our students aren't versatile! If you have attended any Gopher basketball games this year, you have seen **Mike Monson**, BA Junior, juggling and dribbling his basketball while unicycling before the games. Monson didn't play basketball much in high school but wanted to be a part of a college basketball team despite his practical talent deficiencies. He saw the Musselman basketball program especially the pregame warm-up, as his opportunity to contribute to the spectacle. He impressed Musselman with his enthusiasm and willingness to work and has been performing at Gopher games ever since. □

## Managers, Monkeys, Behavior Mod Squad

"Managers, Monkeys and the Behavior Mod Squad" was the subject of the Fourth Alumni Quarterly Lecture on Wednesday, January 29 at the Northstar Inn presented by Patrick Pinto, Associate Professor of Industrial Relations, College of Business Administration.

Behavior modification is a set of techniques to reduce the probability of undesired behavior and to increase the probability of desired behavior. It grew out of the notion that even if you change attitudes you do not automatically change performance; to change behavior, you must change the conditions and environment under which people behave.

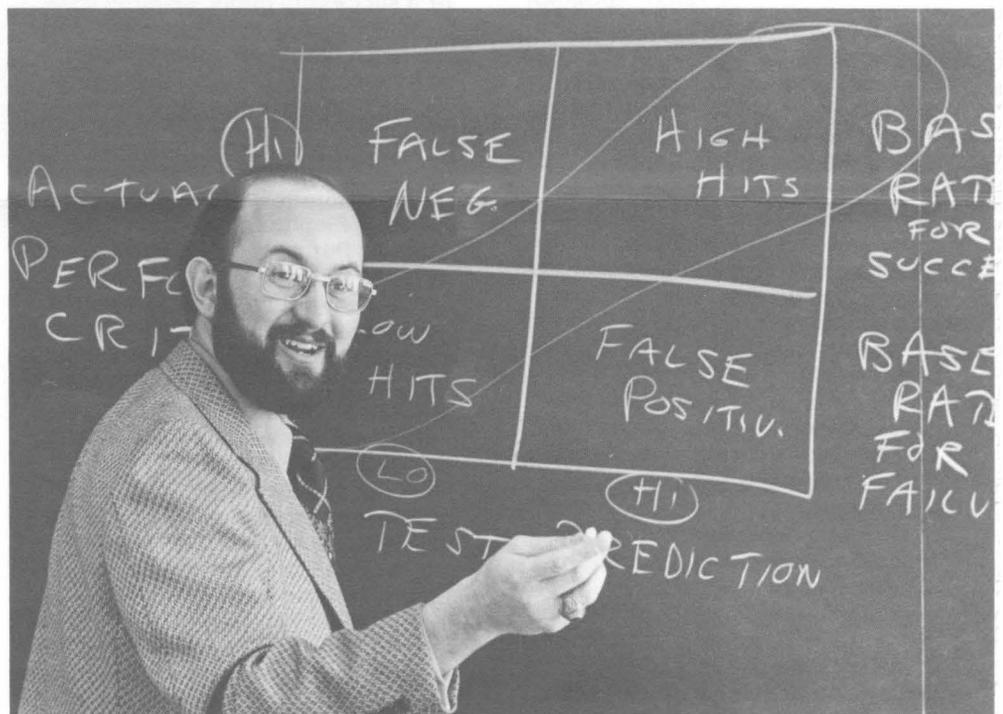
Pinto says that human applications of behavior modification techniques are numerous, especially in the counseling and rehabilitation field, but they work best when performance is observable and measurable as in a business organization. It has been used

in a variety of business settings to curb absenteeism, increase production, cut errors and improve training performance. Some problems which practitioners encounter are: there are no universal rewards that apply to everyone; unless you deal with long-run job objectives, using such techniques may be seen as an insult to workers who would need close supervision to effect day to day behavior; and lastly, the ethical issue of applying powerful techniques with persons who may not know they are being trained.

Professor Pinto, who has taught at the University in the fields of organization/staffing and training/development since 1970, is the author of numerous articles and technical reports.

May 2 is the next Alumni Lecture by Maurice Moonitz of University of California on "Financial Reporting at the Crossroads."

The quarterly lecture series is sponsored by the College of Business Administration Alumni Association. The College publishes the lectures and makes single copies available at no charge upon request. □



Professor Pinto lecturing to a personnel class

REPRINT SERIES

**"Superbanking"** by Paul F. Jessup, reprinted from *The Bankers Magazine*, Vol. 157, No. 3, Summer 1974.

Small banks increasingly are choosing to become affiliates of bank holding companies, and no abatement of this affiliation process is in sight. As a result, the form of ownership of American banks is likely to change substantially during the decade of the 1970s. Many small banks now have few, if any, practical alternatives to being acquired by a holding company. Eventually, large multibank holding companies will own many of the nation's banks. This is superbanking.

Such a forecast is useful to bankers and public officials concerned with future directions of American banking. Unless they are able to reject this scenario as invalid, they have two principal choices, Professor Jessup stresses. Either they accept the outcome and plan to operate toward this end, or they can advocate changes in laws and regulations in order to lead to a different outcome.

**"Some Perspectives on CAV Sampling"** by James L. Goodfellow, James K. Loebbecke, John Neter, reprinted from the October & November 1974 issues of the *CA Magazine*.

Combined attributes-variables sampling plans (CAV plans) were developed to overcome inadequacies in both attributes and variables sampling plans. Part I of this article discusses the basic concepts of CAV sampling plans and their interrelations. It first explains how an attributes sampling plan, based on an unstratified sample of audit units, can lead to an estimate of the total overstatement in the population and then moves on to how stratification of the audit units improves the efficiency of the estimate. Finally, it considers unstratified selection of audit units with the probabilities of selection being proportional to the book amounts and unstratified random selection of dollar units.

Part II explains how variables procedures are introduced into CAV plans to further improve the efficiency of the estimate of the total overstatement in the population. It also discusses the handling of understatement errors and then presents the authors' tentative assessments of CAV sampling plans.

**"Restricted Sales Growth: a Strategy for Preserving the Liquidity of New Small Firms"** by Gavin L. Collins, reprinted from the *Journal of Economics and Business*, Vol. 27, No. 1, Fall 1974.

The purpose of this paper is twofold. First, it presents a model to help decide whether a firm should consider a sales strategy that temporarily restricts sales growth to less than the rate market demand will permit. Reduced sales growth will reduce cash needs. Thus, sales restriction is presented as one method of preserving the liquidity position of a firm. Second, the model is applied to aggregate data for small manufacturing firms in the United States.

The purpose of Professor Collins' study is to show that the average small manufacturing firm has a lower sales growth potential at the beginning of its life than may be recognized. The average small manufacturing firm is able to sustain annual sales growth rates no greater than 50 to 60 percent and also remain liquid if all long-term capital is to be generated internally. Because venture capital, or a successful public security issue, usually requires at least a short period of profitable operations, sales restriction may be a necessity during the early life of a new firm.

WORKING PAPERS

**"Do Capital Budgeting Decisions Require Real or Money Data?"** by Charles Purdy, *Working Paper No. 22*, December 1974.

Recent articles dealing with the problem of general price level change and capital budgeting seem to adopt the idea that the decision maker either does or should have 'real' rates of return in mind when making capital budgeting decisions.

Using these articles as a starting point, it is the purpose of this paper to demonstrate that: 1) given a uniform rate of inflation, the capital budgeting ranking and cut-off decisions are unaffected by the use of all "real" or all "money" data, i.e., it is the mixing of "real" and "money" data which is inappropriate. 2) given a non-uniform or irregular rate of inflation, it is not at all clear whether a decision maker would or should prefer "real"

or "money" rates of return because of the implicit reinvestment assumptions of the capital budgeting models. The paper also makes some observations of a practical nature.

**"Fixed Versus Variable Direct Labor Cost: A Decision Oriented Approach to Control"** by Charles Purdy and Donald Ricketts, *Working Paper No. 23*, December 1974.

In today's economy, direct labor costs are becoming more fixed than variable due to management policies, labor contracts or manufacturing technology. With the changing nature of direct labor costs, a new framework for computing performance measures is needed.

This paper discusses a decision oriented framework for analyzing direct labor variances when the labor costs are fixed. The computation procedure explicitly considers the fixed nature of direct labor cost and decisions affecting the utilization of the workforce.

**"What is Inflation Doing to Your Divisional ROI's?"** by Richard A. Wallen and Jack Gray, *Working Paper No. 24*, Dec. 1974.

In 1966 John Mauriel and Robert Anthony documented the Popularity of Return on Investment (ROI) as one measure of divisional performance. Some have suggested that managers may be using the ROI measures slightly differently today than it was used ten years ago. Nevertheless, all indications are that ROI remains an important measure of managerial performance.

The purpose of this article is to explore the use of ROI in circumstances where the rates of inflation are low and to contrast this with circumstances where rates of inflation are higher. The new problems posed for the financial executive responsible for operating and interpreting the internal financial performance reporting system in the middle nineteen-seventies can be seen from the contrast.

**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.** □

### Coming Events

“Mankind at the Turning Point”—The Second Report to the Club of Rome by Eduard Pestel of Hanover (Germany) Technical University.

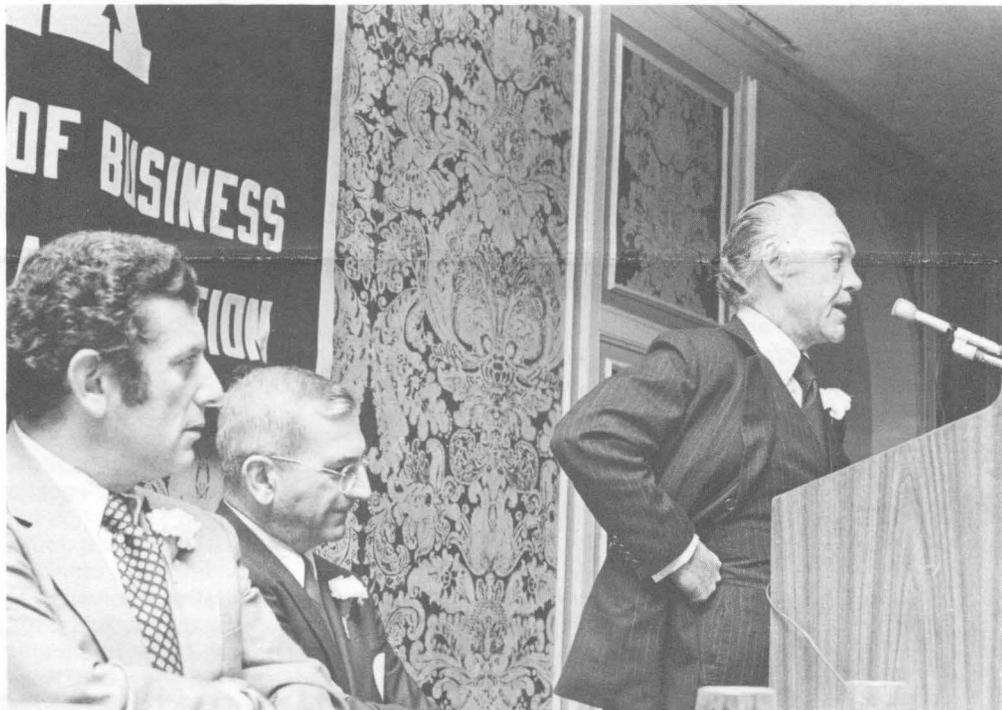
March 6, 10:00 a.m., 350 Anderson Hall

Kappel Chair Lecture in Business and Government Relations by Clarence Walton, President of Catholic University, April 4, 10:15 a.m., 10 Blegen Hall

Annual Business Week April 18-24

B Day Luncheon, April 24, Prom Center Wheelock Whitney—Keynote Speaker

continue alumni institute



Dr. Arnold Weber & Dean Williams watch James Robison accept award



Professors Michael Barrett, Gordon Davis & John Neter on Accounting Panel



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## Business Reference Service

Can you give me the definitions of 'group,' 'formal organization,' 'informal organization,' and 'non-formal organization?'

What is the percentage of sales spent on advertising in the soap and detergent industry?

I need to do some research on the frozen orange juice industry. Who are the major producers? What is the industry trend and projections?

What is the average salary of people in the top and middle management positions in American corporations?

How can you identify early the high potential employees for promotion?

These are the kinds of inquiries made each day by the business community to the Business Reference Service. Short answer questions are serviced by telephone (373-4109); at least one off-campus request of this type is made each hour on the

average. Requests which require more time and research are referred to INFORM (373-5938), a cooperative library research service in which the University participates with the James J. Hill Reference Library, State Education Library Division, Minneapolis and St. Paul Public Libraries. Extensive use of this service is made by area business, government and non-profit organizations.

The Business Reference Service is located in the sub-basement, room S-76 of Wilson Library adjacent to the College of Business Administration. It collects materials in the various fields of business administration such as accounting, finance, insurance, management, management sciences and management information systems, marketing and transportation. (Personnel and Industrial relations materials are housed separately in the Industrial Relations

*Reference-to column 7*

**Yu-Jen Chen , Business Reference Librarian**



## Inflationary Pressures Abate: Is the Economy About to Turn Up?

The May 1975 survey of Minnesota business conditions shows:

1. Employment has declined for two successive quarters in retailing and for three successive quarters in manufacturing.
2. Inflationary pressures on manufacturers and retailers are easing so far as purchased goods are concerned. Prices paid by retailers for inventory have stopped rising this quarter, while prices paid by manufacturers increased only slightly.
3. There are signs that the low point in the current recession may be reached either this quarter or next. New orders for manufacturers, which stopped rising in the third quarter of 1974 and fell sharply for two consecutive quarters, are currently declining at a slower rate than in the first quarter of 1975. In addition, the lead time between placing an order and receiving the shipment has stabilized.

*Inflationary-to column 9*

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## Coordinator of Real Estate Education

Dana Shannon, newly-appointed Coordinator of Continuing Real Estate Education at the University, says, "Due to the Real Estate industry's enthusiastic endorsement for continuing education and reception of the programs, my position as Coordinator is very rewarding." Ms. Shannon is located in 331 Business Administration Tower.

The coordinator position grew out of the passage of a Minnesota statute in 1973 providing that \$20 per real estate licensee be paid into a real estate education, research and recovery fund. The Commissioner of Securities is authorized to spend these funds for two purposes; the first is to set aside \$200,000 as a recovery fund out of which payments can be made to persons suffering losses from the bankruptcy of real estate brokers and sales persons. Any amount above \$200,000 is available to be used for real estate education and research.

The Minnesota Commissioner of Securities established the office through the University's Continuing Education and Extension Division. The University was selected to perform the coordinator function because of its central and dominant position in both the educational community and the state at large. Commissioner of Securities Edward J. Driscoll said, "The Dept. of Commerce is committed to structuring an educational program that will upgrade the real estate profession in Minnesota and some day lead to a degree in real estate. The current educational requirement is simply the first step."

The Coordinator position is intended to guide the development and manage the operation of programs consisting of two thirty-hour phases designed to enable participants to meet the educational requirements of the Minnesota statute within two years of licensure,

to evaluate the programs and to assess further educational needs of real estate personnel in Minnesota and to develop and coordinate programs to meet these needs in cooperation with other real estate education programs. It is further charged with the responsibility to develop statewide liaison with the Office of the Commissioner of Securities, practicing real estate personnel and professional organizations, faculty from educational institutions and consumer protection agencies, and to foster cooperation and coordination with the Commissioner of Securities and instructional and educational systems and institutions. The goal is to provide quality education throughout the state for the purpose of attaining a higher degree of professionalism in the industry.

At the present time eight real estate programs have been approved and are in operation: four in the metropolitan area at the St. Paul Board of Realtors, Graduate Real Estate Institute-Twin Cities, University of Minnesota-Minneapolis and Anoka-Ramsey Community College; four out-state at Mankato State College, St. Cloud State College, U of M-Duluth and U of M-Rochester. A ninth program at Moorhead State College is awaiting approval by the Commissioner. Developmental costs for the program are borne by the State, tuition for the courses is borne by the individual taking the course. Ms. Shannon is also overseeing the development of workbook and teaching instruction manuals and is working on the establishment of an Independent Study Course through the University. Assisting in the development and assessment of the program is an advisory council composed of coordinators of the various programs, real estate industry representatives and John Larson, Minnesota Director of Real Estate.

Ms. Shannon's educational background includes a BS degree and a graduate nursing degree from Northern Illinois University, plus commercial and investment real estate



Dana Shannon, Real Estate Ed. Coordinator and Dick Breitman

and securities courses since graduation. She holds real estate broker licenses from Illinois and Minnesota and is registered as a securities representative by Minnesota and the National Assn. of Security Dealers. Since her first employment in the real estate field in July 1971 with the AMERICAN INVS-CO, Chicago, she has appraised real estate developments in condominiums, shopping centers, resorts and recreational projects in California, Nevada, Arizona, Florida, Wisconsin and the Bahamas. From October 1972 to taking the Coordinator job, Ms. Shannon was employed by Keller Properties of St. Paul as an Associate Broker where she analyzed and evaluated investment properties, and performed other general real estate brokerage duties in commercial, industrial and investment properties. □

#### *Reference from column 2*

Reference Room on the third floor of the College.) The Business Reference collection includes reference books and reference tools, such as bibliographies, indexes, handbooks, tax and investment advisory services, pamphlets and working papers from various business schools, and catalogs of business administration schools. Reference assistance in the use of research tools and location of materials is provided for anyone.

Among the special collections are the weekly *Wall Street Transcript*, Corporate Annual Reports to Shareholders (collection based on *Fortune Directory* and *Corporate Report Fact Book*), and microfiche copies of 10-K Reports to the SEC. A microfiche reader-printer is available from which hard copies can be made for 10¢ per page. Over 2,600 reference books are housed in the Reference Room. Approximately 7,000 volumes of other books in the business field are integrated with the general collection in Wilson Library and are housed principally on the second floor. The Business Reference Service maintains a complete catalog of all books cataloged for the business administration collection, those in the integrated collection and those reference books in the Business

Reference Room. All business periodicals are housed in the Periodicals Room in the basement of Wilson Library, one floor above the Reference Service.

Because the Business Reference Service is a reference library, all the materials are to be used in the library only. However Xerox machines are available on the basement level and materials may be signed out for photocopy.

Yu-jen Chen, Reference Librarian, says the \$5,000 annual book budget doesn't stretch very far especially when considering the number of areas and departments the books must cover. It amounts to about \$20 per month per department, and with the average business book price at \$14, it is apparent the book fund available is insufficient to meet inflationary increases and the new books purchased clearly do not add up to *increased* library resources. Since Mrs. Chen has been in the library all library materials have gone up in cost substantially, and usage has increased in proportion to the undergraduate enrollment which has increased 75% in the last five years, but the budget for collection development has *not* increased. The 1974-75 budget for collection development for the Business Reference Service totals approximately \$15,150 which must cover periodicals, books, back volumes, continuations such as series and proceedings, and binding.

Mrs. Chen, who received her Master of Library Science degree at the University of Minnesota, and who has worked in the Business Reference Service for five years, the last two as head librarian, is the only full-time staff. She has four part-time student assistants who work a combined sixty-nine hours a week covering day, evening and Saturday hours. (Business Reference Service regular hours are M-Th: 8:30 a.m.-10:00 p.m.; Friday: 8:00 a.m.-5:00 p.m.; Saturday: 1:00 p.m.-5:00 p.m.; Sunday: closed). The room, in addition to the book shelves, catalog and pamphlet files, microfiche reader-printer and two service desks and a workroom, seats thirty-six. It averages twelve students per hour but at mid-

quarter and end of quarter times it is filled to overflowing. The overflow must find seats in the Map Room nearby.

Business school faculty and administrators wish the University Library could provide more professional staff in the business administration area, together with considerably improved funding for books and periodicals, although they are aware that the Library has many competing claims for its funds. Associate Dean Upson noted that an article by two researchers in a recent issue of *Change* magazine concluded that in the field of business administration, "the size of a school's separate professional library is strongly related to its reputation," and "an inadequate library hurts a school's reputation." The College is seeking ways to involve both the University and the business community in enhancing the library collection and services. □

#### *Inflationary from column 3*

The survey is conducted through the business school's Bureau of Business Research. The results are based on the responses of 87 of 140 survey panel members in manufacturing and retail companies from all parts of the state. The survey asks questions about business conditions currently being experienced in the second quarter (April, May, June) of 1975. For a complete report, write or call the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455 (373-4479). □



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

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## Business Alumni Graduate from Minnesota Executive Program

Five prominent University of Minnesota alumni are graduates of the 1975 Minnesota Executive Program conducted by the Graduate School of Business Administration and Continuing Education and Extension. The Graduate ceremonies at which University President C. Peter Magrath presented the diplomas were held February 21 at the Lafayette Club in Minnetonka Beach, Minnesota.

The Minnesota Executive program is conducted annually for top executives. It is designed to increase their skills in guiding effective corporate policy. The six-week course, shaped by a theme of corporate strategy, aids top management in streamlining strategic planning and in developing alternatives needed in top level positions.

**Verne Carlson** is Assistant Vice President for Support Services and Operations of the University of Minnesota and is the second official of

**MEP Graduates: C. Luverne Carlson, Gary P. Kirchman, Thomas D. Chrosnick, C. Peter Magrath, Leonard L. Johnson, Frank Chase**

the University to attend the MEP.

**Gary Kirchmann** is Corporate Controller of International Multifoods, headquartered in Minneapolis. Gary is a CPA with a major in accounting at Minnesota. He has been with Multifoods since 1956.

**Tom Chrosniak** is Assistant Controller and Director of Taxes for Heublein Incorporated in Farmington, Connecticut. Tom has the distinction of being the participant travelling the farthest to this year's MEP.

**Len Johnson** is the Director of Marketing at the Toro Company in Bloomington, Minnesota. He lettered in hockey at the University while an undergraduate and still enjoys coaching and refereeing this active sport.

**Frank Chase** is the President of the Torit Division of the Donaldson Manufacturing Company. Torit is a manufacturer of air cleaning and other special equipment for removing pollution from air and other fluids. □

## Frederick R. Kappel Lecture on Business-Government Relations

Dr. Clarence C. Walton, President of Catholic University of America, delivered a Kappel Lecture on Business-Government Relations under the sponsorship of the College and Graduate School of Business Administration in April.

The topic of Walton's address was "The Modern Corporation: The Caretaker Society," in which he analyzed the drift of society toward an insurance state with the resultant shrinking of the area of managerial responsibility and raising the issue of corporate legitimacy.

Dr. Walton is the first lay president of the Catholic University, one of the nation's major graduate institutions. Before going to Catholic University in 1969, Walton served for over a decade at Columbia University, first as the Philip Young Professor of Business and Associate Dean of the Graduate School of Business, and later as Dean of the School of General Studies. While at Columbia, Dr. Walton was editor of the Columbia Business Series, executive officer of the doctoral program in business, and Acting Director of the ten-million dollar Ford Foundation financed Program in Urban Affairs. In addition to his University assignments he served on the selection panel of the Ford Foundation program for doctoral awards in business and as editor of the Wadsworth Series on Business-Society Relations. He has written extensively on corporate social responsibility in books and in scholarly journals.

Walton's lecture will be available at no charge upon request to the Research Division. □



## College of Business Holds Annual Student Events

Wheellock Whitney, Chairman of the Board of the Johnson Institute and former head of Dain, Kalman and Quail, was the Business Day speaker on Thursday, April 24 at the Prom Center in St. Paul. Keeping Score was the title of his address.

Whitney spoke about the stresses in our culture and in business that produce situations in which some individuals rely on alcohol or drugs to enable them to cope and which only reduces or destroys their ability to do so. Since leaving Dain Kalman, Whitney has devoted himself to the Johnson Institute which is concerned with treatment for chemical dependency.

Business Week opened April 18 with computer games in which some fifty students from nine public and private colleges in Minnesota plus South Dakota State University participated. The competition ran from 11:30 a.m. to 5:00 p.m. and concluded with the Awards Dinner at the Spaghetti Emporium. Augsburg College won first place for the fourth time in a row. CBA students Gary Schwartz of Chaska and Charles Osborne of Minneapolis, arranged the games, which were planned to give participants the opportunity to make management decisions in a simulated business environment.

Advertising Day, sponsored by Delta Sigma Pi, was held on Monday, April 21. Betty Hitch of BBD&O spoke on advertising as a career and the CLIO Awards film presenting the best advertisements of 1974 was shown by Michael Dec of Roseville, CBA student in charge.

Tuesday, April 22, was Career Day, sponsored by Phi Delta and Alpha Kappa Psi. Career Day chairpersons Jane Wildung of Luverne and David Peterson of Minneapolis invited University Vice President James Brinkerhoff and Paul Giel, Athletic Director, to speak.

Wednesday, April 23 was Accounting Day. Gale Rieger of Hopkins, in charge of the program, featured panels of accountants from public, managerial and governmental accounting areas.

B Day Thursday, April 24, the final day of the annual event, began with a coffee hour and roundtable discussions between businessmen and students. Four individual sessions discussed different questions relating to management training programs, benefits of graduate school as opposed to work experience, employment prospects for 1975-76 and company methods of accounting and evaluating human resources. The noon luncheon which featured Whitney's address also witnessed two annual awards for Outstanding Teacher and Recruiter of the Year. George Harris of Control Data Corporation, in his first year as a college recruiter, was picked by the students as Recruiter of the Year. This is the second year a CDC recruiter has won the award. John Anderson, Assistant Professor in the Management Sciences Dept., was chosen by the students The Outstanding Teacher of the Year.

Dennis Nuechterlein of St. Paul was the student B. Board member in charge of B. Week this year. The Business Student Board plans and presents the week's activities to which metropolitan area businessmen are invited and which they help sponsor. The Business Board serves several functions in the Business School. It conducts student surveys, publishes a student newsletter, presents informative seminars, and serves in the role of liaison between the students and the faculty.

Whitney's talk will be published and available upon request at no charge from the Research Division. □

### Century Council Highlights

The 1st Annual Century Council Luncheon was held at the Alumni Club in March. **John Kvam**, '50 BBA, Vice President of N.W. National Bank of Minneapolis and Chairman of the Century Council, hosted the event. Dean C. Arthur Williams and Associate Dean Roger Upson reviewed the mission of the college, some of the activities to achieve the mission, as well as the aspirations of the college for the Century Council members attending.

John Kvam invites all alumni receiving this newsletter to become Century Council members and be invited to the next Century Council Luncheon.

**Sidney R. Cohen**, '42 BBA, has been elected President of the Temple Israel Congregation which he also served as President Designate and Vice President. Mr. Cohen is President of Minnesota Industrial Tools and also of Norstan Research and Development Co., which he founded in 1970.

**Ronald E. Larson**, '62 BBA, has received a Distinguished Salesman of the Year Award from the Sales and Marketing Executive Association. As a Senior Commercial and Industrial Representative for the Public Service Company of Colorado, he is responsible for solving energy problems for large gas and electric customers in the city of Denver.

**Roger M. Sampson**, '58 MBA, was recently elected President and Chief Executive Officer of Barber-Colman Co., Rockford, Illinois. Sampson received his undergraduate degree in Mechanical Engineering before taking his graduate work in business. He joined Barber-Colman in 1968 after working for Honeywell and as a

*Alumni news-to column 16*

Alumni news-from column 15

business consultant in market development and new venture management.

**Dave Lilly**, Chairman of the Board of Toro, has been named Honorary Chairman of the 22nd Annual Alumni Institute which will be held November 18 at the Radisson South. **Jim Brandt**, '60 BSB, Partner, Arthur Andersen & Co., is General Chairman.

## Financial Reporting at the Crossroads

Dr. Maurice Moonitz, Professor of Accounting at the University of California Berkeley, delivered the fifth Quarterly Business Administration Alumni Lecture, "Financial Reporting at the Crossroads," at a luncheon on May 2. Dr. Moonitz discussed the problems in financial reporting, the accounting profession's efforts to establish accounting principles, the role of the SEC and the warranted public skepticism toward all of them. Dr. Moonitz, who received his Ph.D. from the University of California, has researched extensively the process by which agreement is reached (or not reached) on principles of financial reporting. In addition to his teaching assignments, he has been associated with Arthur Andersen and Company and has spent three years as Director of Accounting Research, American Institute of Certified Public Accountants and was a member of the Accounting Principles Board. His publications include *Entity Theory of Consolidated Statements*, *Accounting: An Analysis of Its Problems*, and *Basic Postulates of Accounting*.

The Alumni Lecture Series is open to the College of Business alumni and faculty and members of the business community. The last lecture in January was "Managers, Monkeys and the Behavior Mod Squad" by Professor Patrick Pinto of the College's Industrial Relations Department. Copies of the published lectures are available at no charge upon request to the Research Division of the College of Business Administration. □

**John Neter**, Professor of Management Science, will leave the College after twenty years to accept a Distinguished Professorship at the College of Business Administration of the University of Georgia.

In addition to a regular teaching load, Professor Neter has engaged in research and writing in his field, has numerous books, chapters in texts, monographs and innumerable articles in professional journals to his credit. He has also served the college and the University over the years on many committees and special assignments. For instance, during the past two years he has served as chairman of the college Academic Program Review Committee, University-wide on the Senate Committee on Educational Policy, the Graduate School Research Advisory Committee, the Committee on Computing Needs for Statistics as co-chairman, the Committee on Review of Teaching Statistics, the Committee on Statistical Computing Packages, Computer Services Advisory Committee, the Academic Policy Planning Group and the Ad Hoc Committee on Salaries. In the last several years, he has engaged in professional field activities as chairman of the American Statistical Association Committee on Statistics in Accounting, on the Board of Directors and on the Advisory Committee to the Census Bureau. He is vice president of AIDS and Associate Editor of *Decision Sciences* since 1973.

Among awards which he has received recently are the 1973 Outstanding Educators of America Award and a \$5,000 grant from AICPA for Study on Behavior of Statistical Estimators.

Dean Williams, in commenting on the loss to the college and the university, stated "the College is losing one of its most outstanding professors. It is a tribute to our faculty that other schools have turned to Minnesota when they are seeking persons to fill such distinguished positions."

A representative sample of spring activities:

**Jack Gray** was one of twelve professors invited to meet with a group of management accountants from industry in the first annual Symposium on Managerial Accounting at the University of Wisconsin May 8 & 9.

**Paul F. Jessup** attended the Conference on Bank Structure & Competition at the Federal Reserve Bank of Chicago on May 1 — 2.

**John Neter** delivered a paper in April to the American Institute of CPA's Committee on Statistical Sampling, Denver, Colo. The paper was titled "Behavior of Statistical Estimators when Sampling Accounting Populations."

**John Schreiner** addressed the Twin Cities chapter of the Society for the Advancement of Management on "The Sagas of Maggey & Charlie — Managerial Dynamos" in April.

**Andrew Whitman** presented testimony before a Minnesota Senate & House Committee relating to a bill to "Guarantee Conversion of Group Health Insurance" and a bill to "Prohibit Discrimination in Health Insurance Against Physically Impaired Individuals" in April. He also served as Director of the Certified Insurance Counselors Institute on Commercial Property Insurance, April 15 — 17. □

## REPRINT SERIES

**“FAIR Plan Insureds: Occupancy and Location Characteristics and Experience”** by C. Arthur Williams, Jr. and Michael L. Smith, reprinted from *The Journal of Risk and Insurance*, March 1975, Vol. XLII, No. 1.

FAIR Plans were established primarily to make insurance available to persons, with property in urban core areas with riot potential, who could not secure insurance directly from individual insurers. In practice, the plans have been extended to cover locations other than urban core areas.

FAIR Plans insure properties representing various occupancies and locations. No accurate information is available, however, on 1) the extent to which the plans service the various occupancies and locations and 2) the loss experience of different occupancy and location groups. Consequently insurers and the public do not know whether the plans serve primarily the insureds in urban core areas or the owners of high risk occupancies such as bars and restaurants outside the urban core areas. They also do not know what types or properties have developed the more adverse experience. This paper sheds some light on the occupancy and location characteristics of Minneapolis and St. Paul properties insured under the Minnesota FAIR Plan. It also comments on the inadequacies of present FAIR Plan data and provides a model for further analysis.

**“The Potential Consequences of Deregulation of Transportation”** by James C. Johnson and Donald V. Harper reprinted from *Land Economics*, Vol. LI, No. 1, Spring 1975.

This article discusses the probable results if federal deregulation of rates and entry were to take place in surface transportation in the United States as argued by the proponents of deregulation in the literature on the subject. Seven aspects of transportation that could be significantly affected by deregulation of rates and entry were examined.

The survey of the literature indicates that those in favor of sub-

stantial deregulation make the following arguments: 1) overall transportation rates would decline; 2) the railroad industry would be the prime beneficiary; 3) while the transportation industry as a whole would become more competitive and rates would be reduced, the overall effect would not be seriously detrimental to any mode of transportation; 4) an increased problem of railroad rate discrimination between water-competitive and other traffic would not result and truck rates on certain undesirable traffic would not necessarily be increased; 5) many restrictions which cause inefficient operations would be eliminated; 6) carrier management would become more innovative in terms of rates and service; 7) the common carrier system would be strengthened vis-a-vis private transportation.

While the authors of this article disagree with some of the seven conclusions, they agree that some loosening of regulation is in order, but believe that complete deregulation would be undesirable. Although partial deregulation would be no panacea and might create some serious problems, the advantages of partial deregulation seem to outweigh the disadvantages, and partial deregulation is preferable to maintaining intact the existing economic regulatory system.

**“The Structure of a Student Project Course”** by Norman L. Chervany and J. Stephen Heinen, reprinted from *Decision Sciences*, Vol. 6, No. 1, Jan. 1975.

This paper describes the objectives, operating structure, and evaluation of a course entitled Operations Analysis and Management (OAM) 8-159, Quantitative Approaches to Administrative Problems. The purpose is to present the reader with an in-depth view of a project course in order to help an instructor decide whether or not a project course is desirable and feasible within his academic unit. Further, the paper presents some suggestions concerning what attributes are associated with a successful project course experience.

The course demonstrates how to

use management science methods to aid decision-making and control. Emphasis is placed on describing operational systems and constructing a structure or model of the problem situation. Because most textbook problems must be simplified to highlight important aspects of a particular situation, a wide gap inevitably exists between textbook problems and the actual problems encountered in administrative settings. Thus, students sometimes become frustrated the first time they attempt to use a ‘management science approach.’ For this reason, OAM 8-159 is centered around the study of actual situations in organizations.

**“How Images Vary by Product Class”** by Richard N. Cardozo, reprinted from the *Journal of Retailing*, Vol. 50, No. 4, Winter 1974-75.

The objective of the research reported in this article was to apply a psycholinguistic technique to the study of store image; to evaluate the technique in the context of the introduction of a new mass merchandise outlet (Target) in a specific market (Milwaukee); and to investigate consumers’ perceptions of store images in two separate product classes. The rationale for exploring a new approach to store image was to overcome limitations of some previous image studies. Many of these studies have imposed a structure upon participants that might not be meaningful to them. Most studies have not differentiated store image by department, and these studies have emphasized relationships among existing stores to the virtual exclusion of new stores.

Perhaps the most important information emerging from this study is the finding that store image does indeed vary by product class, even among product classes which may at first glance appear to be similar. This observation implies that subsequent studies of store image and image-alteration programs should differentiate more than in the past among product classes.

*Faculty pen-to column 22*

*Faculty pen-from column 21*

WORKING PAPER SERIES

**“‘Voiceless’ Groups in the Twin Cities Community: Programming Needs of Some of Public Television’s Non-Audiences”** by E.M. Goldstein, Neil C. Gustafson, William Rudelius and Orville C. Walker, *Working Paper No. 25*, February 1975.

To continue operations, public service television stations must demonstrate to the Federal Communications Commission that they are serving the needs of the public in their broadcast area. Thus the Twin Cities Educational Television stations, KTCA-TV and KTCI-TV must demonstrate that their programming addresses the problems and serves the needs of the people in the Twin Cities community.

To help achieve this objective a Public TV Committee, independent of public television management, was established with four members (the four authors of this paper). This report is the result of the committee’s work with Mid-Continent

Surveys which conducted the group interviews that provide the basis for the findings and implications presented in the report.

All of the groups interviewed were included because they represent people who, for one reason or another, are outside the mainstream of American society. “In summary, these groups do not desire to obtain information from society through television. Their greatest desire is to gain greater acceptance within society by communicating a realistic view of their cultures and life styles to other members of that society. To do this, they feel they need a more active role in developing and executing television programming.”

**“Return on Investment as a Criterion for Inventory Models”** by Roger Schroeder and Ramakrishnan Krishnan, *Working Paper No. 26*, March 1975.

In the past most inventory formulations have utilized cost minimization as an optimizing criterion. When viewed from the standpoint of the owner or investor, maximizing the return on investment (ROI) is a more appropriate criterion for many types of inventories. This paper proposes ROI as a criterion for inventory models and derives optimal reorder rules for some common assumptions. An economic order quantity is found that differs greatly from the traditional formulas. The paper also discusses the conditions under which ROI is an appropriate criterion and contrasts it to the traditional cost minimization and profit maximization criteria.



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## Employer Ed Service

The Employer Education Service (EES) of the Industrial Relations Center is one year old and has amassed an impressive record of activity to meet the continuing education and training needs of employers in Minnesota. The service was established when the 1973 Legislature funded the program as a companion service of the Labor Education Service (LES) which has been servicing the continuing education and training needs of Minnesota labor union members, both public and private since 1959.

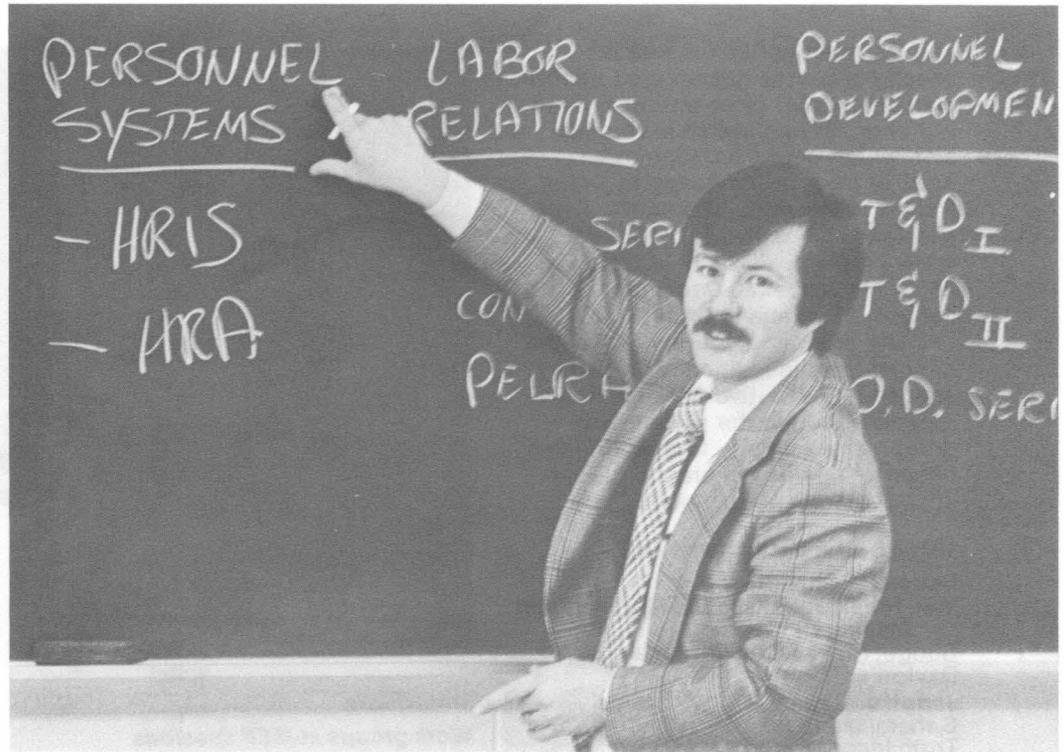
Legislative approval and funding was and is largely the result of the strong support given the program by prominent labor and business leaders who helped initiate the concept and aided in the early planning for the joint LES/EES Program.

The Labor Education segment of the program has had strong support since its inception in 1959 by both labor and business; but many businesses were sending their staffs to the U of Wisconsin and U of Michigan for employer education programs until the joint efforts of labor, business and faculty

*Employer Service — to column 14*

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**Mike Garvey, EES Director**

## Minnesota Business Survey

Minnesota's current business conditions report covers conditions being experienced by Minnesota retailers and manufacturers in the period July through September, 1975.

In summary:

1. Although retail sales and manufacturing production show the largest quarter to quarter gains in a year, employment in retailing and manufacturing has stabilized.
2. The apparent turnaround in the Minnesota economy is accompanied by signs of increased inflationary pressures. Both manufacturers and retailers report that prices of inventories and purchased goods are increasing this quarter after leveling off last quarter.

3. The improved economic picture is coupled with cautious inventory and hiring practices. Manufacturers and retailers are hesitating to build their inventories and increase their payrolls, suggesting that they do not see a rapid upturn in economic conditions.

This survey is based on the responses of 86 of the 139 panel members in manufacturing and retailing companies from throughout the state.

For a complete report, write or call the Division of Research, College of Business Administration, University of Minnesota, Minneapolis, Minnesota 55455 (373-4479). □

# THE MINNESOTA EXECUTIVE PROGRAM

The University of Minnesota top executive course has entered its fifth successful year of operation with 18 key executives enrolled in the session which began on September 14-25 at Sugar Hills Resort in Grand Rapids, Minnesota. The subsequent sessions of this five and one-half week program will be held October 26-31, November 30-December 5, January 25-30 and February 18-20.

The program continues to be the highest level in-residence University sponsored executive program in the nation. Although the participant group comes chiefly from Minnesota based companies, there are several each year from other states.

#### 1975-76 MEP Participants are:

Robert W. Chizum  
Vice President & General Merchandise  
Manager  
Budget Store & Leisure Area  
Dayton's

Jarrett J. Dawald  
General Manager  
Truth Incorporated  
Subsidiary of Owatonna Tool Company

Don Q. Harayda  
Vice President, Director Human  
Resources  
Conwed Corporation

Robert J. Haugh  
Vice President & Treasurer  
The St. Paul Companies

William R. Hunter  
General Manager, Austin Plant  
Geo. A. Hormel & Company

Wilbur W. Krueger  
Vice President, Manufacturing  
Wausau Paper Mills Company

Richard A. Niglio  
Vice President & General Manager  
International Multifoods Corporation

Alvin L. Park  
Vice President, Personnel & Industrial  
Relations  
Bemis Company, Inc.

William F. Penwell  
President  
Performance Incentives Corporation

James R. Phillion  
Division Vice President of Sales  
National Car Rental System, Inc.

Susan Plummer  
Corporate Planning Coordinator  
Medtronic, Inc.



**Work groups at MEP sessions**

Robert L. Pope  
Vice President & General Manager  
Yearbook Division  
Josten's

H.E. Quist, Jr.  
Senior Vice President  
Minnesota Gas Company

Richard L. Seaberg  
Vice President, Marketing  
Sperry Univac Defense Systems  
Division  
Sperry Rand Corporation

Donald C. Shepard  
Senior Vice President  
Menasha Corporation

Robert E. Ullman  
Corporate Controller  
The Toro Company

Bruce M. Wheaton  
Vice President, Director of  
Engineering  
CEA Carter-Day Company

David R. Zetzman  
Financial Vice President  
Lutheran Brotherhood

There are twenty-five member firms of the Minnesota Executive Program, each of which has entered into a long term agreement with the University involving participation of its

Chief Executive and at least three vice presidential level people in the Program. A three-day Chief Executive's Seminar is held in conjunction with the Minnesota Executive Program every two years. This year we are again expecting approximately twenty Chief Executive Officers of major companies to gather at Spring Hill Conference Center under the *Executive Program — to column 7*



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### Work groups at MEP sessions

**Executive Program** — from column 6 sponsorship of the Graduate School of Business Administration and Continuing Education and Extension. This session will take place February 8-11, 1976.

The subject matter of the five and one-half week program is divided into four general areas — Business Policy and the Environment, Marketing Management and Strategy, Financial Management Strategy, and Organizational Behavior and Human Resources. Core faculty for this program is drawn chiefly from the teaching faculty of the Graduate School of Business Administration. This group is supplemented by a large number of outside speakers who typically present new ideas and concepts, and help stimulate discussion on a variety of current topics.

The present core faculty from the GSBA faculty includes:

- Richard N. Cardozo, Professor of Marketing
- Richard K. Gaumnitz, Professor of Management
- Thomas A. Mahoney, Professor of Industrial Relations
- Roger B. Upson, Professor of Finance and Associate Dean and the academic director founder of the program
- John J. Mauriel, Associate Professor of Business Policy
- William S. Howell and Professor George L. Shapiro of Speech Communications.

Professor Mauriel is now involved in the planning phase for a similar kind of program for school superintendents with a planning grant from the Bush Foundation.

Among the guest speakers to appear this year are:

- George W. England, Professor of Industrial Relations
- Dean C. Arthur Williams, Professor of Insurance
- Norman L. Chervany, Professor of Management Science
- R. Glen Berryman, Professor of Accounting

Professor Peter Rosko of finance taught a one-day pre-course finance session for those non-financial participants who requested it. Professor Rosko also works with Professor Upson as a consultant to those participants who desire special briefing or tutoring in basic financial management concepts.

### UNIQUENESS OF PROGRAM

MEP is a unique concept. Several features of the program distinguish it from the fifty or more other University sponsored residential executive programs in the nation.



**George T. Pennock**

**The MEP Advisory Board**, composed of chief executives, officers and company presidents, determines the scope and policy for the Minnesota Executive Program.

The MEP provides **close involvement of participants and instructors**. Participants evaluate the ability of the teaching staff to meet learning objectives and also have a chance to critique the effectiveness of the program and its transferability to a company.

Closely-coordinated **team teaching** is another feature of MEP. Case discussions may involve a marketing specialist, corporate planner and financial authority to help a group develop strategic plans and solutions to problems.

Daily sessions target **specific learning objectives**, regularly evaluated by the participant group.

A three-day **Chief Executive Seminar**. The **member-firm plan**.

MEP offers **one-to-one consultation** on a variety of topics, based on participant need. For instance, executives with non-financial backgrounds can examine the basic elements of finance and accounting. This involves possible ad hoc consultation and optional pre-course review sessions.

A series of **alumni refresher programs** are planned to make the value of MEP an on-going process.

In addition to the one-to-one consultation in finance mentioned earlier, other special consultation sessions are offered on a request **Executive Program** — to column 10

*Executive Program — from column 9*

basis for small groups of participants throughout the program.

## 1975 ADVISORY BOARD

George Pennock, Chairman of  
Advisory Board  
President  
The Tennant Company  
William G. Phillips  
Chairman & Chief Executive Officer  
International Multifoods  
William V. Arvold  
President  
Wausau Paper Mills Company  
Curtis L. Carlson  
President & Board Chairman  
Carlson Companies  
Fredric H. Corrigan  
President  
Peavey Company  
Frank A. Donaldson  
Chairman of the Board  
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Charles A. Drury  
President  
Hayes-Albion Corporation

Carl Erickson  
President  
Dayton's  
Harold W. Greenwood  
President  
Midwest Federal Savings & Loan  
Assoc.  
I.J. Holton  
President  
George A. Hormel & Company  
Joseph W. James  
President  
National Car Rental Systems, Inc.  
R.W. Kaplan  
President  
Owatonna Tool Company  
David A. Koch  
President  
Graco, Inc.  
Paul W. Kraemer  
President  
Minneapolis Gas Company  
Woodrow P. Langhaug  
President  
Lutheran Brotherhood  
Sylvester Laskin  
Chairman & Chief Executive Officer  
Minnesota Power & Light Company

H. William Lurton  
President  
Josten's, Inc.  
Donald B. Shank  
Chief Operating Officer  
Duluth, Missabe & Iron Range Rail-  
way Co.  
Lowell T. Swenson  
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Arctic Enterprises, Inc.  
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Conwed Corporation  
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G.T. Sheldahl, Incorporated  
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Chairman of the Board  
Valspar Corporation  
Richard A. Young  
President  
Bemis Company  
E.L. Elberson  
President  
Dinner Bell Foods  
Thomas E. Holloran  
President  
Medtronic, Inc. □

## Enrollment pressure forces raise in admission requirement

In an effort to ease enrollment pressures the College of Business Administration has raised the grade point average (GPA) required for admission effective Fall Quarter.

CBA enrollment, over 1,600 last fall, is expected to be reduced by 400 students within three years as a result of the higher admission requirement. Without the change in admission requirements enrollment was projected to rise to about 1,750 by fall.

The reduction in enrollment is necessary because during the past five years there has been a 90 percent increase in the number of credit hours earned by students taking CBA courses, while there has been only a 12 percent increase in CBA faculty.

The new policy will require a 2.5 GPA for admission to the regular program and a 2.7 GPA for admission to the accounting program. Formerly a 2.0 GPA was required for admission to undergraduate business degree programs. In addition to the specified GPA, at least 80 credits, 64 of them in prescribed areas, will continue to be necessary for admission to the college.

The college faced a choice between two inequities. It could not let students in or it could let them in but not be able to give them the classes they need. In recent years some students have had difficulty registering for certain business classes because of overenrollment. In addition, many of the classes have been larger than desirable, and there has been an overreliance on teaching

assistants, according to Roger Upson, Associate Dean of the college. Even with the five additional faculty members added this year, that wasn't enough, Upson said.

Among the faculty there is "split opinion" about the enrollment reduction; some welcome it and would like to keep the college from growing even if more funds become available while others though recognizing the need for reduction at this time, dislike such a policy because they feel that the University has a responsibility as a "land grant college" to serve students who want to go to a business college. Even though several other Minnesota schools offer business degrees, the University's program in Minneapolis is the only one accredited by the American  
*Enrollment Pressure — to column 13*

*Enrollment Pressure — from column 12*

Assembly of Collegiate Schools of Business.

Members of the student organization within the College, the Business Board, are largely in agreement about the need to reduce enrollment at this time and the college's advisory council, made up of 24 representatives of private business organizations, also agreed with the reduction, Dean Upson said.

Two recent factors have contributed to increased enrollment; students with business degrees are finding they are more employable and more women are enrolled. The percentage of female undergraduate and graduate business students rose from 3 percent in 1964 to 16 percent in 1974.

Admission requirements for graduate business programs are currently being studied, and the requirements for adult special students will be reviewed soon. □

*Employer Service — from column 1*

succeeded in getting the EES established and funded.

A subcommittee of the IR Advisory Council operates in an advisory capacity to the EES.

Together these two services provide the major delivery system for the continuing education and training of labor and management practitioners in Minnesota. In particular, they provide the structure for joint, cooperative labor and management conferences, seminars and workshops designed to impart practical assistance in the understanding, implementation and application of new statutes, state and federal, social problems and techniques in decision-making and communications. These training services reach employers and employees in Minnesota's private and public sectors, in health care and in state and municipal government, in out-state Minnesota, as well as in the Metro communities.

The EES commenced operation with the appointments of Mike Garvey, as Director, and Barbara Hanley as Program Coordinator in March of 1974. Since that time EES has developed and conducted more than 80 seminars and programs in compensation, collective bargaining, training and development, equal employment opportunities, affirmative action, employee benefits, management rights and supervisory management for over 2,500 participants.

Several examples of seminars conducted in January and February: . . . More than 140 attended a Personnel Management Series, consisting of five one- to two-day modules over a five-week period. The series provided an integrated overview of the principles, concepts, role and functions of personnel and industrial relations in organizations today. . . . Almost 100 attended "Employing the Handicapped: Legal and Practical Issues," a seminar co-sponsored with the Twin Cities Personnel Association.

. . . "Management Principles and Techniques" presented in St. Cloud. . . . "OSHA: Legal Requirements and Practical Implementation Procedures."

. . . "Employee Relations in Supervision" in-house series.

. . . One of the highlights this past year was the joint EES/LES sponsorship of The Bureau of National Affairs Briefing Session on Collective Bargaining presented to more than 170 labor and management officials with co-sponsorship of governmental, and union organizations. This was one of five sessions held throughout the country.

Quantity is not the only measurement of EES effectiveness, quality of programs also received high marks. At the end of each seminar, participants are asked to complete an evaluation summary. Based on the responses to date, 83% described the overall value of the seminars as "extremely valuable" or "quite valuable"; 82% felt that the conference leaders' presentations were "good" to "excellent"; and 76% would "definitely" or "probably" recommend the seminar to their professional associates.

Some specific comments from participants were:

"The experience and exposure I gained from the seminar was rewarding to me in my career development."

"Without a doubt, it was the most useful and beneficial seminar I have attended, an opinion which I know is shared by many other participants."

"Everyone that I spoke to during the seminar and after had nothing but praise for your efforts. Thank you for a day well spent."

"An exceptional educational experience — I only wish our entire staff had attended." □

## Corporate Associate Fellowships Awarded

Fifteen Fellowships have been awarded for the coming year to graduate students in business either to commence or continue their studies through the Corporate Associate Fellowship Program. The program, sponsored by the University Foundation, is supported by business for the express purpose of strengthening and encouraging advanced education in business and technology.

Funds contributed by Minnesota businesses are shared by the College of Business Administration and the Institute of Technology. Elmer Andersen, former Governor and University Regent, has been and continues to be one of the program's strongest supporters. Many other well-known businessmen have also worked very hard to ensure the success of the program.

The College of Business Administration over the past six years has received funds for 111 Fellowships for seventy individuals, some of whom received grants for two and three years depending on the stage of their degree program.

The program was envisioned as an important element in attracting outstanding graduate students to the University both from Minnesota and outside the state which would strengthen the graduate program by challenging the faculty and other students to excellence and strengthen the undergraduate program by upgrading the calibre of graduate students many of whom teach undergraduate courses.

The seventy Fellows have come from eighteen states in addition to Minnesota, from Canada, England, Australia and India. Of those who have completed their degree programs fourteen are working in industry and three are teaching in the midwest; outside the midwest, two are working in industry and sixteen teaching at major universities. There have been 56 MBA and 55 Ph.D. grants in business made over the six years.

It was the hope that many of the graduates would remain in the midwest, staffing business organizations and educational institutions. It is a little too early to be definite but from indications from those who have accepted positions in the area and others who have expressed a desire to remain here if employment opportunities are available, it would appear that the program would have that effect. Graduates who have left the area to teach at other institutions of higher learning have said they definitely would encourage undergraduate students in their classes to seriously consider attending graduate school at Minnesota. So in spite of the fact that they had to leave the area to find teaching positions, the effect of their having had Corporate Associate Fellowships, contacts and graduate training here can ultimately be very positive.

This year's Fellows are typical in their educational backgrounds and in their career aspirations. Of the fifteen individuals receiving awards six received their undergraduate education at the University, two at other state colleges, six at out of state colleges and one from Australia. Their career goals range from controller or vice president of finance of a large national or international corporation to a management/engineering position with an engineering company to a teaching/research position in a major university. The five Ph.D. students and their major interest are:

Joyce Grahn — Marketing  
David Pierson — Industrial Relations  
Barry Spraggins — Transportation  
Ronald Weber — Management Information Systems  
Nanette Weiner — Industrial Relations

The ten MBA students and their major interest are:

Mary Bochnak — Finance  
David Bond — Accounting  
Michael Garbisch — Accounting  
Karen Hawley — Management  
Margrethe Olson — Management Information Systems  
Roger Schaeffer — Generalist  
Thomas Schmidt — Accounting  
Martha Schulte — Accounting  
Frederick Shuback — Accounting  
Horton Sorkin — Accounting □

### Century Council Highlights

**John A. Kvam**, BBA '50, Vice President of the Commercial Dept. of Northwestern National Bank of Minneapolis, and Chairman of the CBA Century Council, wishes to welcome you back from your summer vacation and announces that the Council will accept with gratitude all the money you have remaining in your vacation fund plus whatever else you can free up as your annual Century Council contribution. Century Council memberships are going fast and he doesn't want you to be left out.

Further information is available by calling Bill Tippie, Director of Annual Giving, U. Foundation at 376-3393 or John Kvam at 370-8647.

EMBA GRADS

Twenty of the forty EMBA (Evening Master of Business Administration) graduates of the class of 1975 enjoyed their EMBA educational experience and professional contacts so much that following graduation they gathered together for a dinner to celebrate the occasion and to lay plans for continuing contacts. They hope to entuse their fellow classmates who were not able to attend the dinner to join them on some future occasion.

Graduate Jim Lawson, Instructor in the Department of Family Practice of the College of Medicine, who helped arrange the dinner, said they felt they got to know each other and got so much out of working together in small groups on class projects that they did not want to lose those contacts and would like to get together in continuing business courses and/or in an alumni-type organization for both professional and social contacts.

Associate Dean Roger Upson who attended the dinner was so impressed with their enthusiasm that he offered college help in setting up future contacts through continuing business courses and alumni association activities. Lawson said he hoped that many members of the class would take the opportunity for a reunion offered by the next Quarterly Alumni Lecture Luncheon on October 23 by Professor Wm. Rudelius on Making Effective Decisions.

**Doris (Hutton) Vernon**, '31 BBA, has been serving since January 1, 1975 and for the balance of 1975 as Regional Vice President of the Women's Council of the National Association of Realtors. She is also a member of the Board of Directors of her local Board of Realtors in Prince George's County, Maryland, and Chairperson of the Membership Committee of her Board. She is the only woman to have served four years on the Board of Directors. The Region IX which she covers as Regional Vice President includes the District of Columbia, Maryland, West Virginia and Delaware.

ALUMNI INSTITUTE

Fletcher Byrom, Chairman of the Board and Chief Executive Officer, Koppers Co., will address the 22nd Annual Alumni Institute of the Alumni Association of the College of Business Administration on November 19 at the Radisson South. The title of his speech is "Business in the Next Century."

In the afternoon, there will be three panels on Accounting, Finance and Marketing. Professor Robert Zimmer is faculty coordinator.

Dave Lilly, Chairman of the Board, The Toro Company, is honorary chairman. Jim Brandt, '60 BSB, Partner, Arthur Andersen & Co., is general chairman.

QUARTERLY ALUMNI LECTURES

Roger B. Upson, Professor of Finance and Associate Dean of the College, discussed international corporations and how they are adapting to changes in the social, economic, governmental and natural environment at the sixth Alumni Lecture on July 23.

Upson detailed the importance to Minnesota's economy of its international business and why Minnesotans should be concerned with the international conditions that affect it. Exports from Minnesota to other countries were over one billion dollars in 1972; employment associated with Minnesota's exports has been estimated at about 3 percent of the state's labor force in 1969. Twenty-five of the nation's 1,000 largest manufacturing corporations and two of the nation's 50 largest banks are headquartered in Minnesota and most of these are engaged in international business.

Professor Upson concluded that "there has been substantial growth in world trade and investment amid considerable amounts of political change. There have been numerous cases of expropriation and nationalization, and the stimulants to trade and investment have been modified, yet international companies have flourished. The future environment may well be more challenging

than before, but those international companies able to meet the requirements of their multiple publics are likely to survive despite all the tensions which surround them."

Upson's area of specialty is international business and finance. Before coming to the college he worked as a financial analyst for Esso Petroleum in England from 1962-64 and for Standard Oil in New York from 1965-67.

William Rudelius, Professor of Marketing, will deliver the seventh Quarterly Alumni Lecture on October 23 titled "Making Effective Decisions: A Simplistic Approach." "Economic Change: The Transitory vs The Permanent" is the title of Business Economist Professor Delbert Hastings offering for the January 22 Alumni Lecture.

Copies of the Quarterly Alumni Lectures are available at no charge upon request to the Research Division.

AWARDS & ACTIVITIES

Two of the five alumni receiving the University's Outstanding Achievement Awards in June at the 71st Annual Meeting of the University Alumni Association were two College of Business Administration alumni, **George T. Pennock** and **Fred M. Seed**.

Pennock, President of the Tennant Company, is Chairman of the MEP Advisory Board (see article in column 00). Mr. Pennock, who began his career with the Tennant Company following his graduation from the University in 1934, is a founding member of the Twin Cities Metropolitan Council and a charter member of the Metropolitan Airports Commission.

Mr. Seed, President of Cargill from 1968 until recently, was metro director of the National Alliance of Businessmen in 1972 and was a member of the executive committee of the National Council for U.S.-China Trade. He is a 1932 graduate of the College of Business.

Pennock and Seed are both members of the College Consultative Council. □

**John Mauriel**, MEP Director and Professor of Management, spent the Spring Quarter at the North European Management Institute in Oslo, Norway. He taught the Business Policy course in their nine-month International Management Course and in a four-week Senior Executive Program. He will return for a few weeks next year to teach a brief section on Corporate Strategy and to continue work he began last spring on development of a special executive education program for the Royal Norwegian Council for Scientific and Industrial Research.

### Former faculty member returns to state

Robert S. Hancock, Professor of Marketing and former faculty member in the College of Business Administration, has been named Dean at the University of Minnesota — Duluth, School of Business and Economics. He will be the guest speaker at the school's first annual Alumni Banquet in Duluth on October 18.

### Accounting Professors Win Lybrand Gold Medal

Associate Professors **Charles R. Purdy** and **Donald E. Ricketts** were awarded the Lybrand Gold Medal for their article, "Analysis of Rate, Efficiency, and Utilization Variances" at the Annual Meeting of the National Association of Accountants in Anaheim, California in June.

**Charles Purdy and Donald Ricketts**



**Mahmood A. Zaidi**, Professor and Director of Graduate Studies, Industrial Relations Center, along with Dr. Richard Miller of the Industrial Relations Research Institute of the University of Wisconsin — Madison, are at work on a joint project entitled, "Urban Labor Absorption, Occupational Mobility, and Economic Growth — The Cases of Mexico City and Sao Paulo."

The project is supported by a grant from the Midwest Universities Consortium for International Activities (MUCIA) and will investigate the sources of occupational mobility, or impediments thereto, of one segment of the urban working poor of Mexico City and Sao Paulo. Variables that will be investigated include personal demographic and attitudinal characteristics of individual workers, the impact of governmental manpower policies, the significance of trade unions, and the structural and administrative characteristics of the organizations within which workers are employed. The project is expected to continue for eighteen months. □

The Lybrand Gold Medal is the first place award for the outstanding manuscript for the year published in Management Accounting. The annual manuscript competition, sponsored by Coopers and Lybrand, memorializes William M. Lybrand, a founding partner of the firm and a founder of the National Association of Accountants, as well as its second president. □

### REPRINT SERIES

**"Analysis of Rate, Efficiency, and Utilization Variances"** by Charles R. Purdy and Donald E. Ricketts, reprinted from *Management Accounting*, November 1974. (This article received the Lybrand Gold Medal for first place in the annual outstanding article competition of the National Association of Accountants reported in this issue.)

In many cases direct labor is a fixed cost rather than a variable cost due to management policy, a labor contract, or the technical specifications of the manufacturing process. Since conventional accounting analysis assumes that direct labor costs (and therefore workforce size in manhours) are strictly variable, the traditional approach to variance analysis does not consider the fixed nature of certain direct labor costs. Thus, the wage rate and labor efficiency variances are quite often deficient.

The changing nature of direct labor costs requires a new framework for computing performance measures the authors believe; in this article they discuss a decision-oriented framework for analyzing direct labor variances when the labor costs are fixed.

**"A Dynamic Optimization Model for Planning in a Multi-Product Environment"** by Donald E. Ricketts and Robert K. Zimmer, reprinted from *Decision Sciences*, Vol. 6, No. 2, April 1975.

This paper describes an extension of the product mix problem and explicitly considers situations where demand can fluctuate over time. The additional decision variables and constraints that must be considered are described, and a revised objective function is discussed. The solution to the proposed linear programming formulation is compared to the traditional simulation and illustrates the potential for increased profits.

When a corporation's demand for its products fluctuates, the traditional product mix linear programming formulations can yield dysfunctional solutions. To compensate for firms subject to demand fluctuations, the

authors have introduced constraints to account for changes in inventory levels as well as changes in labor. They offer an example which illustrates the possible impact, measured by contribution to the firm, of employing an improved dynamic optimization model for planning in a multi-product environment.

**“Portfolio Diversification Strategies”** by Roger B. Upson, Paul F. Jessup and Keishiro Matsumoto, reprinted from *Financial Analysts Journal*, May/June 1975.

Aggressive management of a common-stock portfolio entails concentration in a small number of selected stocks chosen for their above-average potential. Recent empirical studies indicate the improbability that aggressive portfolio managers will achieve returns consistently and significantly above those available from a long-run strategy of buying and holding a diversified portfolio of common stocks. These empirical results are closely linked to the conceptual framework that the nation's principal stock markets approach the model of an efficient (competitive) market. Portfolio managers consequently should consider the possibility of a “passive” portfolio strategy. It follows logically from the theory and evidence underlying the random-walk hypothesis.

This paper discusses various diversification strategies and demonstrates the average reduction in the range of portfolio returns achieved by increasing the number of stocks in a portfolio and the reduction in the standard deviation of these portfolio returns.

**“Developing The Woman Manager”** by J. Stephen Heinen, Dorothy McGlauchlin, Constance Legeros, Jean Freeman, reprinted from *Personnel Journal*, May 1975.

During the past few years, most companies have experienced increasing pressure to promote women into management positions. Women's rights groups are active within many companies and in external organizations. Their efforts, supported by the various civil rights laws, have forced

industry to take a close look at the role of women in business. Over and above these legal and social pressures for change, there is a growing realization that it simply makes good business sense to utilize fully the abilities of such a large segment of the labor force.

This article describes how research on the status of women can be used to design a positive, proactive approach to management development for women. Many managers may still maintain that special training for women is reverse discrimination. And some women may get the same consideration as a male whether or not they have special training. The truly outstanding woman probably will succeed in spite of all obstacles, but what about the many others who could make stronger contributions to their organization?

It will be instructive for most organizations to consider the methods they have used with men in their companies who seemed to have management talent. Those men who seem ambitious and intelligent are usually not left to learn new skills slowly and laboriously. Instead, most companies take positive steps to insure that a talented man will have an opportunity to develop his skills appropriately, so as to benefit himself and his company.

**“Customer Alternatives Among Rural Banks”** by Paul F. Jessup and Richard W. Stolz reprinted from *The Journal of Bank Research*, Summer 1975.

This article reexamines two questions concerning rural banking: 1) Do rural residents have access to significantly more choices of separate banking organizations in unit banking states than in similar states permitting branching? 2) Is the choice set of rural banking alternatives fully specified by conventional classification techniques of one-bank and two-bank towns?

A principal conclusion is that unit banking is not associated with significantly more banking choices

for rural residents of the sample states. This outcome was consistent whether measured in town or within a 5-mile or 10-mile radius of towns. A second principal conclusion is that the traditional research categorization of one-bank and two-bank towns is too limiting in today's mobile society.

#### WORKING PAPER SERIES

**“Consumer Banking Facilities in Minnesota: A Preliminary Evaluation”** by Mary Bochnak and Paul F. Jessup, *Working Paper No. 27*, May, 1975.

Because Regulation Q prohibits payment of interest on demand deposits, commercial banks compete for consumers' demand deposits on a non-explicit price basis. The key to nonprice competition is convenience, of which branching and tied services are two major components. Thrift institutions and credit unions are also increasingly concerned with these aspects of their operations, as a method of attracting and retaining depositors.

Contemporary vehicles for the extension of convenience banking to the consuming public are electronic banking machines: cash dispensers, automatic tellers, and point of sale terminals (POS). As a type of electronic funds transfer system (EFTS) these devices also embody the institutional advantage of reducing the flow of paper checks.

This paper attempts to describe several recently enacted regulations governing financial institutions' usage of these electronic facilities at off-premise locations (see Figure 1). Proposed regulation before the Minnesota Legislature is then contrasted, and potential impacts are discussed within the context of Minnesota financial structure.

**Single copies of the articles in the Reprint Series and the Working Paper Series are available upon request at no charge to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455.**

# CBA Job Placements Down Slightly

Of the 558 graduates registered with the CBA Placement Office, 313 had accepted job offers by August 31, compared to 409 out of 610 registered graduate job seekers in 1974. One hundred and forty-three of the 245 remaining registrants are still seeking employment.

Most salary offers are up slightly (2 + %) from last year; the exceptions are Masters of Industrial Relations salaries which are up 11.3%.

The number of companies interviewing on campus this year was 275 (from 276 in '74) and the number of schedules was 412 (from 546 in '74). The total number of interviews taken by the students this year was down to 4,354 from 5,064. Also, the percentage of companies cancelling interviews was 7% compared to 7.5% last year. The number of offers received by the students was 445 compared to 509 last year.

As usual the accounting degree salary offers exceeded the regular degree offers on the average by over \$130. The average accounting salary offer was \$943 while the average regular salary offer was \$809.

The Placement Office also serves to match student interns with accounting and industrial firms who request them. This program also reflecting the economy did not fare quite as well this year. Thirteen public accounting firms employed twenty-three interns and six industries employed eight interns. This compares with twenty-eight public accounting interns and sixteen industrial interns last year.

A national salary survey of year-end college placement data reveals that business job offers declined less than all other major categories, 18% compared to 27% for engineering, 26% sciences and 27% humanities and social sciences. One of the paradoxes, while business disciplines had the smallest drop in volume, the average dollar value of offers in these categories stayed the same or dropped between March and July.

*Job Placement — to column 31*

## 1974-75 Salary Offers

### Salary Offers by Degree

The salary offers reflect the offers of only those students registered with the Placement Office.

Masters' Degrees	No. Persons Receiving Offers	No. of Offers*	Range (\$/Month)	Average
MS and MBA .....	61	111	\$ 850-1450	\$1,177
MA-IR .....	19	26	\$1000-1450	\$1,283

The MBA-MS salary average reflects a 2.0% gain over 1973-74. MA-IR salaries were up 11.3%.

\*The number of offers includes 19 masters' persons who reported offers without salary information.

Bachelors' Degrees	No. Persons Receiving Offers	No. of Offers**	Range (\$/Month)	Average
BSB-Acct. (all areas) .....	93	123	\$ 550-1150	\$ 943
Public Accounting .....	39	60	\$ 800-1150	\$ 991
Industrial Accounting .....	54	63	\$ 550-1125	\$ 898

Accounting majors salaries increased 2.8% in 1974-75.

BSB-Regular .....

148	185	\$ 600-1155	\$ 809
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1974-75 brought a 2.1% increase in salaries for Regular Business graduates.

\*\*The number of offers includes 78 BSB persons who reported offers without salary information.

### Salary Offers by Type of Employer (includes all degrees)

Type of Employer***	No. BSB Offers	\$/Month Average	No. Masters' Offers	\$/Month Average
Accounting — Public .....	54	\$991	31	\$1165
Aerospace, Electronics & Instruments .....	7	959	3	1183
Automotive & Mechanical Equipment .....	7	952	3	1236
Banking, Finance & Insurance .....	49	816	13	1230
Building Materials Mfrs. & Construction .....	6	883	2	1165
Chemicals, Drugs & Allied Products .....	10	832	12	1207
Electrical Machinery & Equipment .....	13	792	18	1196
Food & Beverage Processing .....	22	877	11	1217
Glass, Paper, Packaging & Allied Products .....	5	785	4	1171
Merchandising & Related Services .....	30	748	2	1062
Metals & Metal Products .....	1	1050	4	1312
Petroleum & Allied Products (inc. Nat. Gas) .....	1	1025	2	1425
Research &/or Consulting Organizations .....	4	929	—	—
Tire & Rubber .....	1	625	—	—
Utilities — Public (inc. Transportation) .....	8	947	5	1218
Government — Federal .....	5	831	2	983
Government — Local & State .....	4	875	1	1333
Non-Profit Organizations & Educ. Inst. ....	7	792	—	—
Other .....	2	704	2	1116

\*\*\*Includes only offers which fall in the above categories established by the College Placement Council, Inc.

### 1974-75 Salary and Employment by Geographical Distribution\*

Masters' Degrees		Number Employed	Percentage Employed	Salary Average	
MS-MBA	Employed in Minn. ....	35	69%	1152	
	Out of State .....	16	31%	1275	
MA-IR	Employed in Minn. ....	7	37%	1211	
	Out of State .....	12	63%	1269	
Bachelors' Degrees	BSB-Acct.	Employed in Minn. ....	88	89%	929
		Out of State .....	11	11%	937
	BSB-Reg.	Employed in Minn. ....	123	85%	801
		Out of State .....	21	15%	843

\*The figures above represent only those students who reported job acceptances and salary by August 31, 1975. Students reporting after this date are not represented in this survey.

*Salary Offers — to column 32*

*Job Placement — from column 28*

Despite the emphasis on hiring more women, they too received fewer job offers than a year ago, 13% compared with a 26% decrease for men. There was a notable change, however, in the composition of offers. Even in the face of the 13% overall decline in volume, women majoring in business disciplines received 14% more offers than a year ago. This resulted in 45% of the women's offers going to business majors. Last year the figure was 34%. Students majoring in humanities and social sciences received 23% of the total offers to women, those in the sciences 20%, and those in engineering 13%. The comparable figures for men students were: engineering, 61%; business, 29%; sciences, 6%;

*Salary Offers — from column 30***1974-75 Student Status by Degree**

Degree	Placed	Grad School	Not Actively Seeking Employment	Actively Seeking Employment	Total Registered
BSB-Reg.	144	17	38	85	284
BSB-Acct.	99	4	6	51	160
MS-MBA	51	2	16	20	89
MA-IR	19	0	0	6	25
TOTAL	313	23	60	162**	558

\*\*Includes 19 persons who gave no response to our inquiries.

**Positions Secured through Placement Office Contacts During 1974-75**

Degree	Number	Percentage
BSB-Reg.	69 out of 144	48%
BSB-Acct.	70 out of 99	71%
MS-MBA	32 out of 51	63%
MA-IR	14 out of 19	74%

and humanities and social sciences, 4%.

Dean C. Arthur Williams, in commenting on the placement report, said "The decrease in the proportion of our graduates with job offers by

late August reflects the state of the economy. The results are disappointing but still our students have fared relatively well in the job market. We all hope and expect that next year the economic picture will be brighter." □

## CONTINUING BUSINESS EDUCATION FALL PROGRAM SCHEDULE

**BASIC EMPLOYMENT INTERVIEWING**  
September 9-10 — \$165

**TRANSACTIONAL ANALYSIS FOR THE SALES MANAGER**  
September 10-11 — \$130

**PRODUCTIVITY IMPROVEMENT THROUGH JOB REDESIGN**  
September 15-16 — \$160 ASPA Member, \$180 Non-Member

**BASIC SEMINAR IN COMMUNICATION AND PERSUASION**  
September 24-25 — \$130

**EFFECTIVE COMMUNICATION SERIES**  
*Effective Public Presentations*  
Sept. 29, Oct. 6 (two-day program) — \$130

*Improving Listening Skills*  
October 13 — \$65  
*Conference and Committee Leadership*  
October 20 — \$65

**FINANCE FOR NON-FINANCIAL MANAGERS**  
Sept. 16, 23, 30; Oct. 7, 14, 21, 28; Nov. 4 — \$295

**MANAGING INTERPERSONAL CONFLICT FOR WOMEN MANAGERS**  
September 19 — \$65

**ASSERTIVENESS TRAINING FOR WOMEN MANAGERS**  
September 18 — \$65

**ACCOUNTING FOR NON-ACCOUNTANTS**  
Sept. 25; Oct. 2, 9, 16, 23, 30; Nov. 6, 13 — \$295

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*Decision Making*  
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**THE CHANGING ROLE OF THE SALES MANAGER**  
November 5-6 — \$130

**MANUFACTURING METHODS IMPROVEMENT**  
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**MANAGEMENT DEVELOPMENT FOR WOMEN**  
November 13-15 — \$275

**ADVANCED EMPLOYMENT INTERVIEWING**  
December 3-4 — \$165

**TIME MANAGEMENT FOR MANAGERS**  
December 8 — \$65

For Further Information:  
Call — **Continuing Business Education (612) 373-3835**

For Enrollment Information:  
Call — **Registrar, Nolte Center for Continuing Education (612) 373-3499**



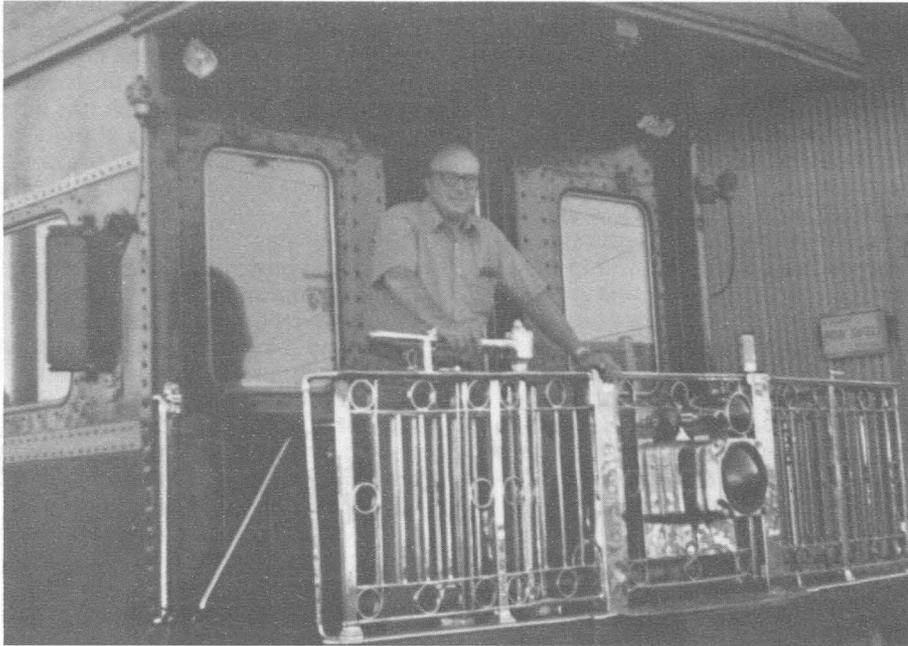


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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

## Railroading Challenges Professor



**Fred Beier CBA**

Professor Frederick Beier, who spent the last two years on leave working as market manager for the Western Pacific Railroad, "found that it was a real education in terms of the effort one must expend in order to make a buck for the company."

Professor Beier's primary motivation for joining the Western Pacific was to broaden his real world experience. "After six years of teaching I was growing less secure that what I was saying was still relevant to the real world."

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Beier was specifically responsible for attracting additional traffic to the railroad or preserving the traffic which the company already enjoyed. His responsibilities extended to all bulk commodities, e.g., grain, chemicals, minerals, fertilizers, petroleum, and others. He also became involved in studies concerning potential markets for the railroad. These included an investigation of the Northern California cattle feeding industry and the Alaskan Pipeline Project.

The Western Pacific is a relatively short railroad extending approximately 1,100 miles from Salt Lake City to San Francisco. It was the last major railroad built and the only one built in this century. This means that all the choice right-of-way has been occupied by its giant competitors, and virtually every piece of business enjoyed by the WP is subject to competition from either other railroads or trucks.

"While this could be extremely frustrating at times, it was also what made the job fun. The simple truth is that the WP must be an aggressive innovator in order to survive. My job literally was to do anything and everything to get new business for the company. I found myself buying a million dollars worth of equipment, negotiating rates, designing bulk handling facilities, making economic  
*Railroading — to column 7*

### Minnesota Business Conditions Survey

Results of the November 1975 survey of Minnesota business conditions, conducted by the College of Business Administration and covering conditions being experienced by Minnesota retailers and manufacturers in the last three months of 1975 indicate: 1. retail sales and manufacturing production show substantial gains for the second consecutive quarter; 2. with both retail and manufacturing employment below year ago levels, panel members are not acting as though the increased sales, production, and new orders are indications of a rapid upturn in the economy. Instead, the evidence suggests a probable continued slow improvement in Minnesota's manufacturing and retailing; 3. inflationary pressures are increasing. Although manufacturers reported materials prices increasing as fast as last quarter, the greatest inventory price jump in a year was reported by retailers.

This survey is based on the responses of 81 of the 139 panel members in manufacturing and retailing companies from throughout the state. The full report is available upon request to the Research Division of the college at no charge. □

## Cost Analysis in Higher Education Studied

College of Business Administration is currently responsible for a major nationwide research project addressing the use and utility of cost information in higher education institutions. The primary purpose of the project is to evaluate the current status of the field of academic costing. For this study, the evaluation will include an assessment of the usefulness of cost information in supporting decision making and the documentation of the experience that institutions have had with producing cost information.

The American Council on Education (ACE) is sponsoring the project and the Ford Foundation is providing over \$220,000 in financial support. ACE has also put together a prestigious advisory committee for the project that includes the following: Raymond Bacchetti, Vice Provost, Budget and Planning, Stanford University; Fred Balderston, Chairman, Center for Research in Management Science, University of California; George Chambers, Executive Vice President, University of Iowa; Earl Cheit, Associate Director, Carnegie Council on Policy Studies in Higher Education, Berkeley California; John

Folger, Project Director, Evaluation of Statewide Planning, Department of Higher Education Services, Education Commission of the States; John Green, Vice President for Administration and Budget, Rensselaer Polytechnic Institute, Troy, New York; Hans Jenny, Vice President for Finance and Business, The College of Wooster.

Staffing for the study which is presently about halfway through its intended twenty-seven month duration, is being led by Professor Carl Adams who is the project director. Other CBA faculty assisting with the research are Visiting Professor Russell Hankins, Professor Gordon Kingston, Visiting Professor Paul Alper, Professor Tom Hoffman, and Professor Roger Schroeder who is acting as associate director of the project.

Interest in the study of cost information and analysis at the national level has grown out of the increased discussion of mandatory reporting to state and federal offices of instructional costs related to output, e.g., cost per student credit hour, cost per degree and cost per major. While there are many technical issues re-

lated to accounting for and allocating the costs of instruction, there is also a major question of the utility of such information to the institutions that have to produce it and the cost to the institutions of producing this cost information. Little research has been undertaken regarding the utility question and this focus of the current study makes it somewhat unique.

The lack of research into the usefulness of this information is not surprising however. Typically, most of the attention in research is given to the development of new techniques on a logical basis rather than a documentation and interpretation of past experience. An analogy in the field of business would be the question of the utility of cost accounting systems in production operations. Do we know how useful such systems are in actual practice and how much they cost to operate? Do we know what level of accuracy and system sophistication is appropriate for different enterprises?

Since the type of research being undertaken in the cost study is different, the approach is somewhat unique. Documenting and evaluating experience requires a data collection structure but not necessarily well formulated preconceived hypotheses. In some sense, the effort can be viewed as a search for hypotheses and preliminary generalizations. It is an opportunity to gain and document experience in the field of costing in higher education. "In my experience, I believe that more research of this type would be profitable in many areas of business activities," Adams said. "We do not know, for example, the extent to which the economic order quantity (EOQ) model affects inventory practices in different types of business operations."

### EXPECTED RESULTS

A number of specific outputs are planned as part of the research project. These include:

1. A review of the literature of cost analysis in higher education and

*Analysis — to column 15*

### Cost Analysis Project Team



## Center for Financial Studies Established

A new Center for Financial Studies, recently established by the Graduate School of Business Administration and the Department of Finance and Insurance, is initiating its activities with a year-long series of workshops. The major objectives of the Center are to further the constructive interaction among area businessmen actively involved in financial decision making and to promote research activities for public dissemination.

Seminars and workshops related to financial topics of current interest will be programmed to stimulate a continuing interchange among participants and will include input from

both the Finance and Insurance faculty as well as representatives from the business community.

The Center will publish and distribute a reprint series of research studies specifically to participants in the fields of finance and insurance. This will provide a means for valuable communication relating to mutual financial interests and a necessary impetus toward ongoing research.

Professor Roger D. Stover, a member of the Finance and Insurance faculty, will serve as Director of the Center for Financial Studies and will organize and administer activities of the Center. Professor Stover invites

interest and participation in the Center program. Inquiries and suggestions may be directed to Roger D. Stover, Director, Center for Financial Studies, 815 Business Administration Tower, University of Minnesota, Minneapolis, 55455. Telephone: (612) 373-4442.

All Finance Workshops are open to all students, faculty, members of the Minnesota business community, and other interested persons. They are held in Room 1272 B.A. Tower on *Study — to column 14*

### *Railroading — from column 3*

forecasts, and a myriad of other activities. The WP gave me a much broader experience than I could have gotten from most other railroad companies," Beier emphasized.

In Beier's exploration of the possibilities of Alaskan pipeline spin-off, he determined that the cost of shipping some of the minerals in WP territory could be reduced if they would use Northern California Ports as opposed to the normal practice of using Seattle. He encouraged the ports to improve facilities for handling these products and solicited traffic to those ports. A substantial flow of Alaskan related products is now developing.

In discussing his two years' leave, Beier said that the first year was a 'learning' experience and the second a 'doing' experience. Probably most difficult was the transition from thinking and theorizing about decision making to actual decision making. After the initial shock of realizing that something had to be done, the make-or-break decisions were the most fun.

The benefits of the two year leave will be measured over the next few years but Professor Beier is convinced that he is a much more relevant teacher now. His experience with the WP also pointed out opportunities for meaningful research in

the area of public policy and the ability of railroads to compete with other modes of transportation. For instance, in researching the shipping potential of the western ports for foreign shipping of fertilizers, Beier learned that the Longshoreman's Union had contracts with the ports which gave them control over how many workers and how long it took to load or unload railroad cars. The teamsters have control over trucks and have no minimum crew rules. Hence rail service costs more. Beier has not resolved that problem but is continuing to study possible solutions.

In addition to regaining his sense of relevance, Beier gathered material from which he intends to write cases for classroom use. He also made industry and government contacts which he hopes to draw upon as resources for his classes.

"When I first joined the WP I found the transition from academia to industry to be challenging. Now that I'm back I find I miss the action, e.g., the hourly crisis. It was a sufficiently exhilarating experience that I would look forward to doing it again." Professor Beier thinks it would be the best of both worlds if faculty could enjoy a leave in the 'real world' every few years. □



**Professor Roger Stover and Dean C.A. Williams**



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Mary Louise Hill, Editor

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## Century Council Highlights

Dear Alumni:

In an effort to improve upon an already successful program a new University-wide Century Council will be initiated. Membership will be opened up to recognize all contributors of \$100 or more to any University or collegiate program.

Beginning January 1, 1976, the College of Business Administration Century Council will be combined with other similar efforts at the University of Minnesota; the University of Minnesota Century Council will be the result. The maintenance and promotion of a single \$100 donor club will be less expensive for the University and it is hoped much less confusing for our friends.

Century Council members will still have total control over the use of their gifts — which may be restricted for the College of Business Administration and its many projects and programs, or which may be unrestricted for general University use.

If you are currently a member of the Business Administration Century Council, you will receive additional information directly from the U of M Foundation sometime early in 1976. You will also be asked to renew your membership in the Century Council during the coming year and, of course, we hope you will continue to restrict the use of your gift to the College of Business Administration.

Sincerely,

C. Arthur Williams, Jr.  
Dean

## Business Grad Wins Silver Medal

Charles M. Osborne, 1975 graduate of the College of Business Administration from St. Anthony, was awarded the Royal Society of Arts Silver Medal on October 10. It was presented at the Regents' meeting by President Magrath.

The Royal Society for the Encouragement of Arts, Manufactures and Commerce, which was established in 1754 and is one of the oldest learned societies in Great Britain, awards the Silver Medal to one student at each of several institutions in the U.S. including Ohio University, University of Chicago and Princeton. Eleven American universities participated in 1971 when Minnesota was invited to select a nominee. Since then four Minnesotans have received the Silver Medal.

In addition to graduating with High Distinction, Osborne received several undergraduate awards. He was elected to Beta Alpha Psi and Beta Gamma Sigma, honorary student organizations, and received the Haskins and Sells Foundation Fellowship in Accounting.

Osborne's activities have been many during his two years in the college and include: active service on the student governing board as an

elected member and as Treasurer; member and Treasurer, Minnesota Accounting Association; President of Beta Alpha Psi, National Honorary Accounting Fraternity; President, Beta Gamma Sigma, National Honorary Business Fraternity; and member of the College Curriculum Committee as the undergraduate representative. He has done tutoring for the Accounting Department and for the Martin Luther King Program to help minority students meet pre-business school requirements.

Mr. Osborne's community activities include serving as referee for a St. Anthony Sports Booster program for youngsters, assisting Consolidated Fund organizations with accounting work and assisting minority groups with income tax returns and bookkeeping functions.

Osborne has worked part-time continually since high school, working twenty-five hours per week during the past two years for a national accounting firm and doing accounting work for several other businesses. He is now employed full-time by Haskins and Sells. He has been accepted into the University Law School on a deferred basis, expecting to work a year or two before entering law school. Osborne's lifetime career plans combine the two fields, law and accounting.

The criteria established by the Society for selecting the recipient are



President Magrath presenting  
Royal Society of Arts  
Silver Medal to Charles Osborne

that the individual should be receiving his first degree, have not only a distinguished academic record directly concerned with the application of art or science to industry or commerce, but also have played some significant part in student activities. Clearly, Mr. Osborne meets the criteria. □

## MAKING EFFECTIVE DECISIONS

"Making Effective Decisions: A Simple-Minded Approach" was the title of Professor William Rudelius' talk to the seventh Quarterly Alumni Luncheon on October 22.

Six steps in effective decision-making, detailed in his book, *An Introduction to Contemporary Business*, (with W. Bruce Erickson and William J. Bakula; Harcourt, Brace, Jovanovich, Inc., 1973) was the basis of his message. To demonstrate mindsets which set up barriers to making good decisions, Rudelius used several puzzles and problems which he asked the audience to solve.

Rudelius' six steps for improving decisions are:

- D — Defining the problem
- E — Enumerating decision factors
- C — Collecting information
- I — Identifying best alternative
- D — Developing and executing the plan
- E — Evaluating the decision and process

On a checklist which amplifies the six steps, Rudelius emphasized in the *Collecting Information* step that one should distinguish between methods and data and clarify what one plans to do with the data. He also stressed that one should pick research objectives first and *then* method of data collection, not vice versa.

Because of the nature of Rudelius' presentation utilizing slides, problems and puzzles, his talk will not be printed but copies of his Six Steps in Effective Decision-Making and Checklist for Improving Decisions are available from the Research Division upon request.

Rudelius, Professor of Marketing at the college, came to the University

after serving in the Air Force in France, working for General Electric, and then going to the Wharton School of the University of Pennsylvania where he received his Ph.D. in marketing and economics. For two years in the mid-1960's he did business and economic research at the North Star Research Institute. Again in 1973, Rudelius spent some time with North Star helping to determine the research needs of Upper Mid-western business firms and governmental agencies.

The Quarterly Lectures, which are sponsored by the Business Administration Alumni Association with the intent of fostering interaction between the management community and faculty, will present at its next function, January 22, Dr. D.C. Hastings, Professor of Management, speaking on "Economic Change: The Transitory vs The Permanent." The final lecture of the 1975-76 year will hear Dr. Keith Davis, Professor of Management, Arizona State University, discuss "Some Basic Trends Affecting Management in the 1980's" on May 7. □

## Study — from column 9

Wednesdays from 4:00 to 5:30 p.m. Two have been presented on October 22 and November 12. Four additional workshops are scheduled throughout the year on the following dates:

### February 18

"Analyzing Risk-Return Relationships of New Issues of Convertible Bonds" Roger D. Stover, Assistant Professor  
Gordon J. Alexander, Assistant Professor

### April 21

"Financial Information Systems for Small Business"  
Gavin L. Collins, Assistant Professor

### May 12

"Portfolio Strategies and Financial Institution Risk"  
James Bachman, St. Paul Companies and Adjunct Assistant Professor

### May 26

"LIFO: How to Save Cash and Send the Inflation Bill to the Government"  
Roger B. Upson, Professor and Associate Dean □

## Analysis — from column 6

a commentary on that literature.

The current draft of this output indicates that the literature of cost analysis in higher education has several deficiencies. Examples are: an abundance of writing related to cost comparisons and accountability with no resolution to the problems involved, a scarcity of articles outlining the role of cost analyses in decision making, a lack of discussion about methods for implementing cost systems, and a failure to look at the cost information requirements of coordinating or controlling officers in juxtaposition with cost information requirements for internal institutional use.

2. Description of the use and utility of cost information based on on-site visits to twenty-one institutions and six state offices. Preliminary findings to date indicate a great sensitivity to costs in institutions but not much impact of dollar cost data in decision making. Other factors which drive costs are more important to understand when making decisions, e.g., student/faculty ratios, class sizes, and instructor teaching loads. Also, in the costing area there seems to be a preoccupation with costing for external use (accountability) rather than internal management use. Those who are trying to make higher education more efficient by requiring cost information may in fact be diverting efforts away from activities that would support better decision making.
3. Mail survey regarding the use and utility of cost information to be sent to four offices at each of approximately 500 colleges and universities.
4. A forecast of the role of cost analysis in higher education of the next 5-10 years based on the input of an "expert" panel of about 100 academic administrators, faculty, and governmental agency representatives. The Delphi approach will be used to

Analysis — to column 24

## Business in the Society of 2075

The 22nd Annual College of Business Administration Alumni Institute heard about business in the next century from prominent businessman of this century, Fletcher L. Byrom, Chairman of the Board, Koppers Company, Pittsburgh on November 19 at the Radisson South Hotel.

Mr. Byrom feels strongly that there must be greater economic education in the country. It is imperative that we get at the roots of economic illiteracy. And when we do it will be clear that we can never again think in purely national terms.



Fletcher Byrom

Byrom spoke at the banquet culminating the afternoon and evening activities at the annual affair sponsored by the College and Graduate School of Business Administration Alumni Association. Three panel sessions began at 3:00 in the afternoon. **Management of Consumer Affairs**, chaired by Ivan Ross, Professor of Marketing, heard panelists Bruce Piltingsrud, Lutheran Brotherhood Society, Ronald Graham, Better Business Bureau, Kathryn Searight, Red Owl Stores, and Roger Christensen, 3M.

**Financing in the 1970's**, chaired by Roger Stover, Assistant Professor of Finance, heard a panel of Finance Department faculty, Professors John Schreiner, Roger Upton, and Paul Jessup. The third panel with Donald V. Harper, Professor of Transportation and Director of Graduate Studies, and Albert K. Wickesberg, Professor of Management, discussed **The MBA Program**: admissions, teaching approach, trends, other MBA programs in Minnesota and the MBA job market.

A social hour and banquet followed the panel discussions. Dr. Richard M. Cyert, President of Carnegie-Mellon University, was awarded the University's Outstanding Achievement Award. Cyert, who received his B.S. from the University of Minnesota in 1943, spent four years in the Navy, then went on to graduate school, receiving his Ph.D. in 1951 from Columbia University.



Dr. Richard M. Cyert

David M. Lilly, Chairman of the Board, The Toro Company, was honorary chairman. Jim Brandt, '60 BSB, Partner, Arthur Andersen and Company, was general chairman.

Byrom's address will be published and available upon request to the Research Division, College of Business Administration. □

### FACULTY ACTIVITIES

**Norman Chervany**, Professor of Management Sciences, led a seminar on "Quantitative Techniques for Corporate Planning" for the North American Society for Corporate Planning, in September, with Associate Professors **Ray Willis** of Management and **Donald Ricketts** of Accounting.

**Gordon C. Everest**, Assistant Professor of Management Sciences, attended the Very Large Data Bases Conference in Boston and testified before the Minnesota State Privacy Study Commission covering the general principles relating to privacy legislation in the private sector.

**Donald V. Harper**, Professor of Transportation, has been appointed to the Railroad Planning Advisory Committee which will be advisory to the Minnesota State Planning Agency and other units of state government.

**George Milkovich**, Associate Professor of Industrial Relations, delivered a paper entitled "Determining an Employer's Minority and Female Representation: A Methodology Based on Employer and SMSA Data" to the Equal Employment Opportunity Commission in Washington, D.C.

**Donald Ricketts** and **Michael Barrett**, Associate Professors of Accounting, directed a seminar on "Quantitative Forecasting and Audit Planning" for the Institute of Internal Auditors.

**Roger Stover**, Assistant Professor of Finance, has been named Regional Consulting Economist to the Comptroller of the Currency, Washington, D.C. His responsibilities include assisting the Area Regional Administrator of National Banks and conducting research for the Chief Economist's Office.

**C. Arthur Williams, Jr.**, Dean, was elected chairman of the Minnesota State Council on Economic Education at its October annual meeting.

### PROMOTIONS

**Mario Bognanno**, Industrial Relations, from Associate to Full Professor. Bognanno has been at the College since 1970 and has been chairman of Industrial Relations for the past two years.

**Norman Chervany**, Management Sciences, from Associate to Full Professor. Chervany has been at the College since 1967.

#### RETURNING FROM LEAVE

**Frederick Beier**, Associate Professor, Management and Transportation, spent two years as marketing manager of Western Pacific Railroad. (Story on col. 1)

**R. Glen Berryman**, Professor of Accounting, spent one year in a local firm upgrading his knowledge of accounting systems, income taxation and real estate accounting methods.

**John Mauriel**, Associate Professor of Management and Director of MEP, spent his first six months investigating latest methods and practices in corporate planning and business policy formulation in the Twin Cities; March through June was spent in Europe mostly at Northern European Management Institute in Oslo, Norway.

**George T. Milkovich**, Associate Professor of Industrial Relations, spent one year as visiting professor at School of Industrial and Labor Relations of Cornell University.

#### DEPARTING FOR LEAVE

**Martin Duffy**, Assistant Professor in Industrial Relations, will spend the year seeking to expand his knowledge in the area of audio visual history interview techniques and increasing his technological skills in using multi media equipment. Plans include completing an audio visual history of two international union presidents, Potofsky of Amalgamated Clothing Workers and Dubinski of the Ladies Garment Workers, in New York.

**Charles Purdy**, Associate Professor of Accounting, will serve as visiting professor at the University of Florida for the year.

#### NEW FACULTY

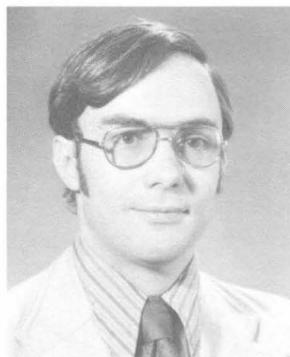
**Gordon J. Alexander**, Assistant Professor of Finance, received his B.S. in Business Administration from the State University of New York, his M.A. in Math and M.B.A. and Ph.D. in



**Gordon Alexander, David Naumann, Dennis Severance, Mary Lippitt, John Walton**

Finance from the University of Michigan. His special interests are investments and portfolio theory.

**Ross E. Azevedo**, Assistant Professor and Associate Director of the Employer Education Service, Industrial Relations Center, earned his M.S. and Ph.D. degrees in Labor Economics from Cornell University. He has served as an economist with the U.S. Pay Board and Cost of Living Council and taught at UCLA and at the State University of New York-Brockport. Azevedo has authored a number of monographs and papers dealing with labor allocation, impact of economic controls, wage differentials, and col-



**Ross Azevedo**

lective bargaining influences on labor and wage allocation.

**Mary E. Lippitt**, Assistant Professor of Management, earned B.A., M.B.A., and Ph.D. degrees from the University of Kansas. Organizational behavior and administration are her special interests.

**J. David Naumann**, Instructor and Supervisor for the MS/MIS Continuing Education Program, earned his B.A., M.S. degrees at the University and expects to receive his Ph.D. soon.

**Dennis G. Severance**, Associate Professor of Management Science, earned his M.A., M.S. and Ph.D. degrees from the University of Michigan. For the past three years he has taught at Cornell University. His special interests lie in the field of data management systems. His outside employment has been with General Motors, Bell Telephone Laboratories and the U.S. Army Management Systems.

**John R. Walton**, Instructor of Marketing, received his B.S. and M.S. in Business and Marketing from Ohio State University where he expects to receive his Ph.D. soon. Marketing management and consumer behavior are his special areas of interest. □

REPRINT SERIES

**"How Management Users View Information Systems"** by Carl R. Adams, reprinted from *Decision Sciences*, Vol. 6, No. 2, April 1975.

The literature of management information systems suggests that substantial discord exists between management users and systems personnel. This paper describes the current attitudes of managers toward information systems and computers as reflected in seventy-five carefully structured interviews with managers from ten major companies. The author concludes that management user attitudes are quite favorable and do not reflect the predicted discord. In fact, the author believes that one of the major systems implementation problems of the future may be apathy rather than antipathy. The data collection was structured to indicate differences in attitudes on the part of users based on organizational level, functional area of work, type of activity, and type of environment.

WORKING PAPER SERIES

**"A Re-Evaluation of Alternative Portfolio Selection Models Applied to Common Stocks"** by Gordon J. Alexander, *Working Paper No. 28*, August 1975.

Rates of return on common stocks have been frequently de-

scribed by their relationship to a single market index. Recent research has investigated the possible use of multiple indices to describe the rates of return, but the evidence has been conflicting. One study has shown the single index model to be superior in its ability to describe the rates of return on common stocks, while a subsequent study supported the use of the multiple index models.

This paper reconciles the differing conclusions of the two prior studies, and indicates that the major source of the discrepancy lies in the method of forming indices. It is shown that there is no need to use a multiple index model if a broad market index is used for the single index model. □

*Analysis — from column 15*

attempt to develop the consensus of the panel.

5. A model to be used to determine the cost of cost information. This model would be based on data collected during the on-site visits.

OTHER RESEARCH

Members of the faculty of CBA have been active in other research efforts in the area of higher education administration. Professor Paul Grambsch has been a principal investigator in the study of goals and perceptions of power in academic institutions. Professors Carl Adams and Roger Schroeder have been the principal investigators along with Professor Theodore Kellogg of the College of Education on two other projects in the last two years. One funded by the Ford Foundation dealt with the information used and desired by administrators in small colleges. The other dealt with the development of a method for improving the management system of small colleges. This latter study involves a three-year working arrangement with Augsburg College acting as a pilot institution for developing the method. This activity is indicative of the contribution that colleges of business administration can make to the problems of higher education administration. □

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