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business news

COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Kappel Chair in Business-Government Relations Filled by Airline Executive



L-R Dean Williams, Mr. Kappel, Mr. Cooke and Mr. Carlson at Kappel Chair luncheon

Blaine Cooke, former senior vice president of marketing for TWA, was named recently to the Frederick R. Kappel Chair of Business-Government Relations by the College and Graduate School of Business Administration. The Kappel Professorship is dedicated to the objective examination of the myriad interactive relationships between business and government.

A luncheon to introduce Mr. Cooke and to honor Mr. Kappel was held at the Sheraton Ritz on January 30 for friends of Mr. Kappel, contributors to the Kappel Chair and business and industry leaders.

Mr. Cooke, responsible for all TWA marketing activities in both the passenger and cargo fields since 1968, came to TWA from United Air Lines where he had been vice president of marketing services since 1963. Prior to joining United he was marketing research manager for the Lincoln-Mercury division of the Ford Motor Company. From 1950 until he joined Ford in 1961, Mr. Cooke was with the marketing department of Standard Oil Company (Indiana) in Chicago.

A member and past vice president of the American Marketing Association, a member of the American Society of Travel Agents Industry Council, and a trustee of the Institute of Certified Travel Agents, Mr. Cooke has also served as a member of the National Marketing Advisory Council of the Department of Commerce and the Travel Advisory Board of the United States Travel Service. He has authored a number of papers for professional journals on marketing and research and has spoken widely on these subjects.

Mr. Cooke was born in Reedsburg, Wisconsin, received a B.A. degree from Hamline University in 1938 and a Ph.D. in 1954 from the University of Minnesota, where he had served as an instructor in the business school from 1948-50.

The Kappel Chair, the first and only endowed chair at the University, was established in the Fall of 1967 through the auspices of the University of Minnesota Foundation. It honors alumnus Frederick R. Kappel, former American Telephone and Telegraph *Kappel Chair—to column 13*

Minnesota Business Conditions Survey

"Expansion with care" summarizes the business conditions being experienced by Minnesota's retailers and manufacturers in February, 1976, in the quarterly survey based on the responses of 103 of the 185 panel members in manufacturing and retailing from throughout the state.

Both manufacturing production and retail sales are higher now than they were three months ago. However, inventory levels and employment are declining in retailing, while inventories and employment in manufacturing are increasing less rapidly than manufacturing sales.

How does the current expansion compare with the expansion that occurred in 1974, after the 1973 oil embargo and the end of general price and wage controls? There is less emphasis on increasing inventories, and inventory price rises are not being experienced by as large a proportion of retailers as in 1974. At the manufacturing level, although increased new orders are being experienced by 48 percent of manufacturers, production, employment, and inventories are not being increased by as many manufacturers. Capital equipment and goods in general are more available than in the previous expansion. Consequently a smaller proportion of manufacturers report price increases than in 1974.

Survey—to column 12

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Economic Change Alumni Lecture Topic

Dr. D.C. Hastings, Professor of Management, who presented the eighth Quarterly Alumni Lecture on January 22 to over one hundred alumni, executives and friends of the college, said that the reason inflation, "one of our most intractable social conditions," continues is that the tools to control it "have been effectively immobilized."

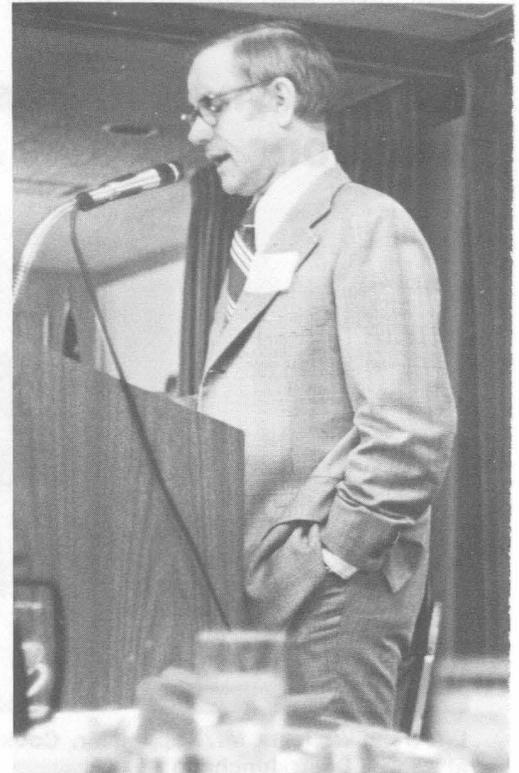
Hastings asserted that "not only do the people of the United States have a dominant ideology but also that pursuit of that ideology explains not only the lack of control of inflation but also the presence of what are referred to as 'social problems.'" "That ideology, and particularly the direction in which it has evolved since the 1930's strongly influences, even determines, our public policies. These public policies push our economy into inflation. . . . The entire economy is seen, as is the entire institution of government, as merely a vehicle for the accomplishment of the goals of the ideology."

The specific features of the ideology which most significantly influence the economy, Hastings believes are the perfectionist goals which require major amounts of economic output, activism and impatience which decree that things must be done and done quickly, economic naivete which views budget deficits and excessive increases in the money supply not as problems per se, but only as problems when they interfere with the achievement of social goals, and finally the lack of encouragement of production and sometimes opposition to production.

"Thus the American ideology from the 1930's, and increasingly in the New Left era of the 1960's developed characteristics which tend inherently to be inflationary," stated Professor Hastings. The basic cause of our continued inflation is the attempt to consume more than is available for social goals and self-interest. Inflation is the elastic mechanism created to avoid an impasse in the conflict over the spoils between social goals and self-interest.

What are the prospects Hastings sees for the future? He sees little reason to expect a diminution of long-term inflationary pressure. "Our only hope to control inflation," he states, "aside from modestly increasing production and productivity, lies in the possibility of moderating the pace at which our socially active ideology has been pushing the U.S. economy." He thinks though that "such moderating can come only if one can demonstrate to the social activist that controlling inflation is to *his* advantage in pursuit of *his* ideological goals."

Copies of Professor Hastings speech are available at no charge upon request to the Research Division of the College. The next Quarterly Alumni Lecture is scheduled for May 7 with Professor Keith Davis of Arizona State University who will speak on "Some Basic Trends Affecting Management in the 1980's." A call to the College of Business Administration (373-4482) will add your name to the Lecture Series mailing list.



Del Hastings



Del Hastings and John Kvam at Alumni lecture January 22

Measuring the Productivity Impact of Personnel Programs in Profit and Loss Terms

Project Results to be Presented at May Conference

Can the productivity impact of personnel programs be measured in profit and loss terms?

Dr. William Pyle, Director of the Industrial Relations Center's Human Resource Research Programs (HRRP), answers the above question: "We constantly are learning better methods of measurement and significant progress has been made. Many organizations and individuals are now working to improve their personnel programs through rigorous measurement of their effectiveness."

Professor Pyle has announced that the results and applications of recently completed productivity impact measurement studies will be presented at the 5th Annual Conference of HRRP's Human Resource Association in Minneapolis on May 25-26, 1976. The conference will include presentations by industry executives and workshops where participants can informally discuss the implications of specific studies. The Human Resource Association is comprised of over twenty-five U.S. and foreign industrial organizations which are working to develop and apply new measurement and analytical technology for identifying, evaluating, and monitoring strategies to increase the productivity impact of personnel policies and programs. The two-day conference will focus on two major subjects: (1) Presentation and analysis of the results of industrial projects to measure the productivity impact of personnel programs, and (2) The use of new productivity measurements to increase the Personnel Department's role in corporate level planning.

The first day of the conference will present major findings from the Association's 1975 Intercompany Project and from other studies involving individual firms. The Intercompany project measured the effectiveness of current personnel policies and programs for selected groups of managerial and professional

employees in Arthur Andersen & Co., R.G. Barry Corporation, Blue Cross-Blue Shield of Michigan, The Budd Company, Florida Power & Light Company, General Motors Corporation, Haskins & Sells, Rockwell International, and Westinghouse Electric Company.

The second day of the conference will be devoted to the Personnel Department's expanding role in forward planning. The capability for expressing the Personnel/IR Department's contributions in profit and loss terms gives personnel executives a vehicle for becoming more actively involved in the firm's long range strategic planning. An organization's human resources are critical for identifying and realizing new growth and profit opportunities.

As part of the Association's 1976 project activities, Dr. Pyle will work with Members interested in applying human capital budgeting technology in their Fall planning activities for 1977 and beyond. The results of these initial applications then will be summarized for presentation and evaluation at the Human Resource Association's 1977 conference.

The Human Resource Research Programs (HRRP)

The Human Resource Research Programs (HRRP) were established within the Industrial Relations Center last year when Professor Pyle joined the Minnesota Faculty from the University of Michigan. HRRP has three component programs: The Human Resource Management Program, The Human Resource Accounting Program and the Human Resource Association.

The objective of the *Human Resource Management Program* is to develop basic understanding of human resource managerial systems and their relationship to the achievement of individual, organizational and societal objectives. Through basic and applied research the Program seeks to

improve the effectiveness of human resource management policies and practices. In the Twin Cities, the Program recently has established consultative relationships with Control Data Corporation, the 3-M Company, and Hoerner-Waldorf Corporation.

The objective of the *Human Resource Accounting Program* is to research, develop and apply new measurement, reporting and analytical tools for assessing the effectiveness of alternative human resource policies and activities. The program has conducted major research studies with the R.G. Barry Corporation, General Telephone and Electronics, and General Motors Corporation. The HRA Program was initially established by Dr. Pyle in 1969 at the University of Michigan. It was relocated at Minnesota last year.

The objective of HRRP's *Human Resource Association* is to facilitate cooperative research and developmental activities between the Human Resource Research Programs and outside organizations. The Association, which is sponsoring the 5th Annual Conference in May, operates on an international basis and seeks cooperative research relationships with academic, business, government, labor, not-for-profit, and *Human resources-to column 10*



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C. A. Williams, Jr., Dean
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Human resources-from column 9

other organizations interested in human resource management studies.

Human Resource Association members participate in the research and development of human resource management and accounting technology through one or more pilot projects which focus on an area of special interest to each Member. Pilot projects often concentrate on particular job classifications such as first-line supervisors, middle or top management, engineers, or production and clerical employees. Projects may also focus on policy and activity areas which crosscut job classifications. These include selection, training, turnover and absenteeism control, and employee utilization studies.

The Human Resource Research Programs maintain an inter-company data bank to facilitate analysis of project findings. The data bank serves as a basis for preparing pre-publication research reports for Members of the Association. In such reports, Members can confidentially compare the cost/effectiveness of their human resource policies and activities with range and average data for other Association Members. Ultimately the Association seeks to publish all relevant data in ways which do not identify those organizations contributing the information. The research experiences of the Association will be reported in a book by Professor Pyle which will be published by the University of Michigan.

Before its relocation at Minnesota last year, the Association was initially organized by Dr. Pyle at the University of Michigan where the following organizations joined in a cooperative effort to advance human resource management and accounting research both through financial assistance and substantive contributions to the research itself:

American Airlines
American Express Company
Arthur Andersen & Co.
AT & T
R.G. Barry Corporation
Bechtel Corporation
The Budd Company
The Chase Manhattan Bank
Exxon Corporation
Florida Power & Light Company

General Motors Corporation
General Motors Institute
General Telephone & Electronics
Haskins & Sells
IBM
Mead Corporation
Michigan Blue Cross-Blue Shield
Mobil Oil Corporation
PPG Industries
Rockwell International
The Sherwin-Williams Company
Texas Instruments, Inc.
Uniroyal, Inc.
Volvo
Western Electric, Inc.
Westinghouse Electric Corporation
Weyerhaeuser Company
Woodward Clyde

Professor Pyle is pleased to announce that Hoerner-Waldorf Corporation of the Twin Cities recently has joined the Human Resource Association. A special welcome is extended to Raymond P. Lappegaard, Vice President, Human Resources, who will be representing Hoerner-Waldorf.

Professor Pyle also is pleased to announce that Herman A. Theeke, who was Associate Director of the Program when it was located at the University of Michigan, joined HRRP's staff in June 1975. Mr. Theeke contributed greatly to the Program's development at Michigan. Mr. Theeke obtained his M.B.A. degree from the University of Michigan in 1974. After obtaining his Master's degree he served as Director of Personnel with Detroit Osteopathic Hospital until he joined the HRRP staff. Mr. Theeke also is enrolled in Minnesota's Ph.D. Program in Industrial Relations.

Professor Pyle received his Ph.D. degree in Business Administration from the University of Michigan. His studies were in Industrial Relations and Management, Business Economics and Public Policy, and Industrial Sociology under Professor Rensis Likert. Before initiating his Ph.D. studies, Dr. Pyle was a cost-price analyst and aero-space contract negotiator for the United States Air Force. Since 1969, when Pyle organized and became the first Director of the Human Research Accounting Program, he has conducted research with many organizations in the United States and abroad. His research findings have

been published widely in various scholarly journals. He has also lectured extensively on human resource management and accounting in the U.S., Canada, Europe, the Middle East and Africa. In 1971, Dr. Pyle was recognized by the American Society for Personnel Administration for "outstanding contributions to human resource management." In 1973, Dr. Pyle testified before the U.S. Senate Subcommittee on Management and Budget regarding application of human resource management and accounting technology for evaluating various Public Sector programs. Some of these recommendations were incorporated in the Congressional Budget Act which was signed into law in the Summer of 1974.

Individuals interested in learning more about or joining the Human Resource Association and in participation in the May Conference may obtain additional information by writing or calling Professor Pyle at the University of Minnesota (612-373-4127). □

Survey-from column 3

This expansion is likely to continue. On balance, new orders for manufacturers have increased for three consecutive quarters, with more manufacturers experiencing increasing new orders each quarter. Financing pressures should not be a source of a slow down, because inventories are not building rapidly.

Profit rates in manufacturing may be coming under pressures. Although fewer manufacturers report increased employment than report increased production, the difference is becoming smaller. Thus productivity in manufacturing may not be increasing very much.

The quarterly survey is conducted for the College and Graduate School of Business Administration by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor and Associate Dean Roger B. Upton. Copies of the quarterly report are available upon request to the Research Division of the College at no charge. □

Kappel Chair—from column 2

executive who is a 1924 graduate of the University. The chair was made possible by gifts from friends of Kappel and corporations who felt that such a professorship would fulfill a particularly important educational need. Mr. Sidney J. Weinberg of Goldman, Sachs and Company led the successful fund raising committee of national corporation executives.

The Chair appropriately recognizes the business and public leadership of Mr. Kappel, who has worked long to improve relationships between business and government. His leadership as Chairman of the Business Council, Chairman of the President's Commission on Postal Reorganization and member of President Nixon's study commission to help tailor the executive branch to the modern needs of government has contributed greatly to those relations.

Prior to the permanent appointment of Professor Cooke, Dr. Irwin Friend, Richard K. Mellon Professor of Finance and Economics at the Wharton School of Finance and Commerce of the University of Pennsylvania, occupied the chair on an interim appointment in 1970, while on leave from the University of Pennsylvania.

In addition, a series of lectures in the field of business and government relations have been sponsored by the Kappel Professorship, beginning with Gabriel Hauge, President of Manufacturers Hanover Trust Company of New York, in 1969. During 1973, Walter Adams, Distinguished University Professor of Economics, Michigan State University, Neil Jacoby, Professor of Business Economics and Policy, University of California, Marcus Alexis of Northwestern University, Robert F. Lanzillotti, University of Florida Dean of the College of Business and Frederick R. Kappel himself gave lectures. In 1974 a Symposium on Corporate Social Policy with Raymond A. Bauer, Professor in the Harvard Graduate School of Business Administration and David H. Blake, Professor of Business at the University of Pittsburgh, was presented. Dr. Clarence C. Walton, President of Catholic University gave a Kappel Lecture in 1975.

In discussing his assumption of the Kappel Chair responsibility, Professor Cooke said that while the Kappel Chair has a very open and unstructured charter, translating the broad assignment of improving the efficiency of business-government interaction and enlarging the understanding of business in the general community into

a workable program is not an easy one. He indicated that he would be looking for all the advice and help he can get, both from the faculty and the Minnesota business community.

Copies of Mr. Cooke's and Mr. Kappel's speeches at the January Kappel Luncheon will be available upon request. □



Mr. Cooke & Mr. Kappel at Kappel Chair Luncheon

Annual B Day to Hear Alumnus Beebe, Delta Airlines President

W. T. Beebe, '50 BBA, President and Chairman of the Board of Delta Airlines, will be the annual B Day banquet speaker on April 22, which concludes a week of annual Business Board sponsored activities.

Business Week will begin on April 16 with Computer Games to which business students from Minnesota colleges are invited and conclude on April 23 with a Society of American Management Chapter panel discussion with General Motors executives. Other events are: April 19—Advertising Day sponsored by Delta Sigma Pi, business

fraternity; Accounting Day April 20, under Accounting Club auspices; and Financing Government on April 21 sponsored by Alpha Kappa Psi.

B Day will begin with small discussion groups at the Prom Center in St. Paul followed by the Annual B Day banquet at which alumnus Beebe will be the featured speaker. Outstanding teacher and Recruiter-of-the-year awards, annual competitions sponsored by the Business Board, will also be made.

Jack Titus, Business Senior, is B Week Coordinator. □

Management Information Systems Research Center Update

"The industrial revolution is passing and its replacement, the information revolution, is well on its way," says John White, Assistant Director of the Management Information Systems Research Center, "and the MISRC is working to help make the information revolution serve, at least as well, and hopefully better, than its predecessor did." He continues, "This American society requires more and more computations, generating more and more information every day. Controlling and retrieving it becomes a tremendous task, a task being assumed to an ever larger extent by computers. By the year 2000 these computers will pervade every aspect of American life: the monitoring of the environment, the security of the home, the education and recreation of the family members, financial transactions, medical reports, sick patient monitoring, electronic newspapers, and an almost endless list of business functions. It would be nice if the quality of life is raised by this revolution, and not lowered."

The Center uses a computer to support its own research operations, in the control of the MIS literature. This literature, as is the literature in other fields, is growing by leaps and bounds. Thesis research, proposal writing efforts, and questions from industry all rely on this published literature for state-of-the-art practices. The Center has developed a bibliographic reference system to index and retrieve citations of books, articles, newspaper items, and even unpublished manuscripts and orally communicated ideas. The system, which has just gone into operation, initially contains about 2000 citations, and has the capability to eventually hold millions. Within two years it could be the most complete index in the United States in the MIS area.

The Center was created eight years ago by the College of Business Administration through the efforts of

Paul V. Grambsch, then dean of the College, and the faculty of the Management Sciences Department, particularly Gordon Davis, who has served as Director since its inception. During this time the MIS Research Center has been an important catalyst in creating a nationally recognized MIS discipline at the University of Minnesota. Its program of education, research, and service in the business community was, and continues to be, in the forefront of university research centers. International visitors, national publications, and popularity of the program all attest to the high quality which has been achieved.

The first six years of the Center's existence were developing years. Early efforts were dedicated to the design of an MIS curriculum and to the start-up of a high-quality educational program, including an evening degree program and an extension (continuing education) certificate program. Those programs have been highly successful and are now world famous. Highly productive by national academic standards, but less visible, has been an empirical research effort. An associate program with local industry has offered seminars, workshops, and joint committees between the faculty and associate firm personnel.

The long-range plan for the Center is based on the experiences of the first six years. It proposes some change of direction, and some significant growth and improvement. The Management Sciences Department of the College, with which the Center is closely affiliated, has been adding faculty and the management plan for the Center is a natural companion to that effort.

Funding for the Center has come from three sources: the Associate Firms, the University, and outside grants and projects. For a continued, strong research center, it is believed, there should also be direct legislative funding, and increased research grants.

The involvement of the Center and the faculty in the forefront of computer applications has been growing

steadily. Norm Chervany and Dave Naumann have been designing a Regional Energy Information System for the State of Minnesota Planning Department; this system will probably be transferred to other Upper Great Lakes states. Roger Schroeder and Carl Adams have looked at the role of the computer in the management of small colleges and in cost analysis in higher education during two study projects which they have been conducting. In the medical arena, John Anderson has been looking at systems to collect data to evaluate health care delivery processes, and Ken Kendall has developed a Blood Bank information system.

In pure research, a series of experiments guided by Gary Dickson, Gordon Davis and Norm Chervany have been examining how humans use computer-generated reports in decision-making. They have also looked at the role of human users in the definition and design of computerized systems, so that the needs of the users will be better served.

Gordon Everest has been a member of the CODASYL (COnference on DAta SYstems Languages) Systems Committee and has just been appointed chairman of the American Federation of Information Processing Societies Special Committee on the Right of Privacy. He has testified for the Minnesota Privacy Law which is one of the first in the nation.

As the use of the computer continues to acquire an ever more important role in American life and in the management of day-to-day operations and long-range planning of business, the Management Information Systems Research Center hopes to be a guiding force in the specification and selection of these alternative uses, and a positive link in the improvement of decision-making processes to shape a better life. □

Century Council Highlights

The second Annual Century Council Luncheon will be held April 14 at the Alumni Club to afford members the opportunity to know one another and to hear a brief report on College and Council activities.

Dean C. Arthur Williams, Jr., in his report to Century Council members, commenting on the expenditure of Century Council funds stated that they were significant in helping to "move the school toward a position of excellence." Some of the items for which C.C. funds have been or will be spent this year, for which state funds are not available, are: special library acquisitions, COMPUSTAT tape rental, minority fellowships and partial funding for continuation of the distribution of the *Business News* to all alumni.

Dean Williams stated that expenditures to date have been modest because an effort was made to build up the fund so that it would be adequate for emergency needs. From now on he expects expenditures to equal or exceed current income, which amounted to nine thousand dollars during 1975. "We want the alumni to know how very much we appreciate their support of the Century Council and the opportunity which such unrestricted funds provide for the purchase of high priority items for the improvement of teaching by the faculty and learning by the students."

Alumni News Calendar of Coming Events

- Feb. 25—Student Leader Luncheon
- March 18—Alumni Board Meeting
- April 7—Alumni Board-Faculty Dinner Meeting
- April 14—2nd Annual Century Council Luncheon

Russel H. Ewert, '60 BBA with Distinction, is Vice President, First National Bank of Chicago, and heads the Kansas City regional office.

Alumni Services Director Resigns

Charles H. Mannel, '66 MA, Director of Student and Alumni Services, has resigned to accept a position as Director of Placement of the American Graduate School of International Management in Phoenix, Arizona effective March 1. Mr. Mannel came to the college from the University of Minnesota-Duluth in 1967 as Director of Placement Services. He has served in his present position since 1969, working closely with the Alumni Board on alumni and Century Council affairs in addition to his student services responsibilities.

"Design and Computational Experience with an Interactive Goal Programming Code" by Thomas R. Hoffmann, *Working Paper No. 29*, Nov. 1975.

Many articles have been written discussing the application of goal programming. One textbook, *Goal Programming for Decision Analysis* by Sang Lee, is devoted solely to the topic. It describes the basic concepts and solution procedures, provides several illustrations of applications, and contains a program listing. Unfortunately the listing contains many errors, possibly introduced in the type setting process. In order to effectively teach goal programming it was felt necessary to have a computer code available and since the concept seemed to invite a simulation and study type mode of application, the basic program in Lee was corrected, improved, and rewritten as an interactive, time sharing program.

This paper will illustrate and describe the use of this code in several contexts: (a) a simple, hypothetical staffing problem, (b) a real world mental health clinic staffing situation, and (c) variations on a textbook ordinary linear programming problem. **"Stockbroker Decision Making: A Study of Fiduciary Risk Preferences and Characteristics of Performance"** by John C. Anderson and Roger D. Stover, *Working Paper No. 30.*, Nov. 1975.

This paper attempts to extend previous research evidence regarding the personal utility function. Specifically this research examines the fiduciary risk preference function in comparison to personal risk preference functions. Additionally, the relationships between the resulting utility functions and performance measures are evaluated.

The study results indicate that as an individual stockbroker assumes the fiduciary role his response to uncertain situations shows a perceptible change from his personal response to a similar situation. The shifts in the utility curves are generally as expected. On the positive utility side, while the average retail broker approaches risk linear in his personal analysis, his attitude is one of more conservatism regarding

Faculty Pen-to column 22

Note to Alumni:

Since November of 1973, we have been communicating with you through this quarterly *BA Business News*. We have appreciated the opportunity to foster your interest and knowledge of our current programs and to maintain contact with you. We hope it has been interesting, informative and useful to you.

We welcome your comments on our programs and on the newsletter itself. We urge you to send us news of yourself and of other alumni for publication in the newsletter. We are dependent on the University Alumni Association to keep the mailing list up to date, so please inform us of any name and address changes.
C. Arthur Williams, Jr., Dean

Faculty Pen-from column 21

his clientele. This result is evident not only in the comparison of average scores but is also apparent when individual broker reaction is analyzed. A wide range of risk preference was observed in both personal and fiduciary utility functions.

On the basis of preliminary results, it appears that the brokers' risk preference and utility functions are not a good descriptor or predictor of his investment behavior. The broker's utility function (as measured in this experiment) did not appear to influence his actual risk behavior.

"Incorporating Judgments in Sales Forecasts: Application of the Delphi Method" by Shankar Basu and Roger G. Schroeder, *Working Paper No. 31*, December 1975.

This paper describes the development of the Delphi approach for determining sales potential to deal with the question of how fast a manufacturing plant should be expanded. For several reasons, historical sales data were not deemed adequate and the Delphi method seemed suited to deal with the situation.

The authors concluded that Delphi has definite potential to be used as an analytical tool for predicting sales of a corporation. As the forecasts incorporate anticipation of the future by experienced and qualified individuals, the results seem to be meaningful and realistic. Though the results can be used singularly, it is suggested that they be used in conjunction with other quantitative

approaches to sales forecasting.

Apart from its analytical value, a Delphi study has an inherent educational value. The corporate officers are presented with past and present economic conditions and status. As a result, there is the development of a congruence in outlook on business conditions and corporate sales volume. This provides for a more uniform singular base for decision making by the different managers involved in the study.

Single copies of the Working Papers are available upon request at no charge to the Research Division, College of Business Administration. □



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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Corporate Associates Day-on-Campus

The College of Business offered a day-on-campus, May 25, to the representatives of the Corporate Associate firms which contribute to the fellowship program of that name. Over twenty-five corporate executives took part in the day's events.

Professor Gary W. Dickson began the program with a presentation on the Management Information Systems Research Center. Next an opportunity to attend one of four graduate classes was provided. The alternatives were: *Collective Bargaining Negotiations* by Professor M. F. Bognanno of the Industrial Relations Department and Center, in which industrial conflict is analyzed from theory of games perspective, with specific adaptations leading to the development of theories of bargaining (Industrial Relations 8027); *Seminar on Interpersonal Relations* by Assistant Professor Stephen Heinen. At this

point in this advanced course, individual students were making presentations on the quality of working life (Management 8801); *Introduction to Management Information Systems* with Associate Professor Roger Schroeder. An introductory course presenting an overview of the field (MIS 5101); Marketing Systems with Associate Professor Orville Walker. This elective course examines institutional, functional, and social aspects of distribution channels (Marketing 8060); and *Quantitative Approaches to Administrative Problems* with Professor Norman Chervany. In this final MBA course, teams of students work on live cases—a Minnesota innovation in MBA education—involving the practical application of concepts and techniques developed in basic courses. In this session, a team analyzed its work *Day on campus—to column 6*

Minnesota Business Conditions Survey

Results of the May 1976 Survey of Minnesota Business Conditions reveal:

1. Minnesota's recovery from last year's recession is gaining momentum. Increased confidence in both demand and supply situations is evident. Retailers are building inventories after six consecutive declines from year-ago levels. Manufacturers report lengthening lead times on the delivery of capital goods and nearly half of manufacturers report increased employment, suggesting that the record high level of new orders is considered likely to continue.
2. Minnesota's retailers report a balanced increase in sales and inventories and an upturn in employment compared to three months ago. In the past two years, the April-June period (the second quarter) has typically been one of modest sales increases accompanied by declining employment. Compared to retail business conditions a year ago, inventories appear to be well under control and employment is relatively stable. 84 percent of retailers report increased sales, the largest proportion recorded in the history of this survey.

Business conditions—to column 11

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Prof. Norman Chervany

College Alumnus Receives Outstanding Achievement Award

W. T. (Tom) Beebe, Chairman of the Board and Chief Executive Officer of Delta Air Lines, received the University's Outstanding Achievement Award on April 22 at the College of Business Administration Annual B Day Luncheon.

Beebe, a 1950 graduate of the college, gave the keynote address speaking about Delta's people and why and how they are motivated to greater productivity and efficiency. "Most airlines have comparable flight and ground equipment; so if there is to be a meaningful difference between airlines it will have to be as a result of personnel differences and of their dedication to service. . . . Delta's achievement is based primarily on people who have worked together as a close-knit unit. ." Beebe stressed that if a company is to encourage people to make the difference it must have (1) a simple organizational structure, and (2) constantly open and flowing communications. "Neither the chairman, the president nor any of the senior vice presidents

have staff administrative assistants. We have the strong conviction that such staff people actually impede the open lines of communication and slow down the decision making process. All eight of the senior officers are within steps of each other in the same administration building. No one needs to go through an administrative assistant to communicate with a senior officer."

Beebe's speech will be printed and available at no charge upon request to the Research Division at the College.

Additional features at the B Day Luncheon were awards for recruiter of the year and outstanding teaching. Joseph Madonia of the American Hospital Supply Company was named Recruiter of the Year by the students utilizing the Placement Office of the College. Professor William Rudelius of the Marketing Department was named Outstanding Teacher by the students in the competition co-sponsored by the B Board and the CBA Alumni Association and was given a five hundred dollar award.

Business Week, an annual event staged by the business students, began on April 16 with Computer Games and continued until April 23 with a GM College Campus Forum sponsored by the Society for the Advancement of Management. Other events during the week were Advertising Day sponsored by Delta Sigma Pi, Accounting Day sponsored by the Minnesota Accounting Association and Beta Alpha Psi, and a panel discussion on New York's Financial Crisis sponsored by Alpha Kappa Psi. Two panel discussions sponsored by the Business Association of Minorities (BAM) discussed Reverse Discrimination/Quota Systems and Starting Your Own Business, special tips for minorities and entrepreneurs.

Business Week, an annual event, is staged by the Business Board, representing all business students in the College. Jack Titus, executive vice president of the Board, was in charge of B Day. Dan Harrington is president. □

Day on campus—from column 2

on inventory control at Plywood Minnesota (OAM 8159).

Following the morning program, the executives relaxed over luncheon at the Campus Club. Dean Williams expressed appreciation to the companies for their interest in the College by their participation in the day's program and for their continued support of the Fellowship Program and the University.

The Corporate Associate firms which contribute to the Program are:

American Hardware Mutual Insurance Co.
American Hoist & Derrick Company
American National Bank & Trust Co.
Apache Corporation
Arthur Andersen & Company
Bemis Company, Inc.
Brown & Bigelow
Buckbee-Mears Company
Burlington Northern
Curtis L. Carlson Foundation
Conwed Corporation
Crown Iron Works
Dain, Kalman & Quail Foundation
Dayton Hudson Foundation
DeLuxe Check Printers, Inc.
Donaldson Foundation
Grain Terminal Foundation
First Federal Savings
General Mills Foundation
Gould Incorporated
Graco Foundation



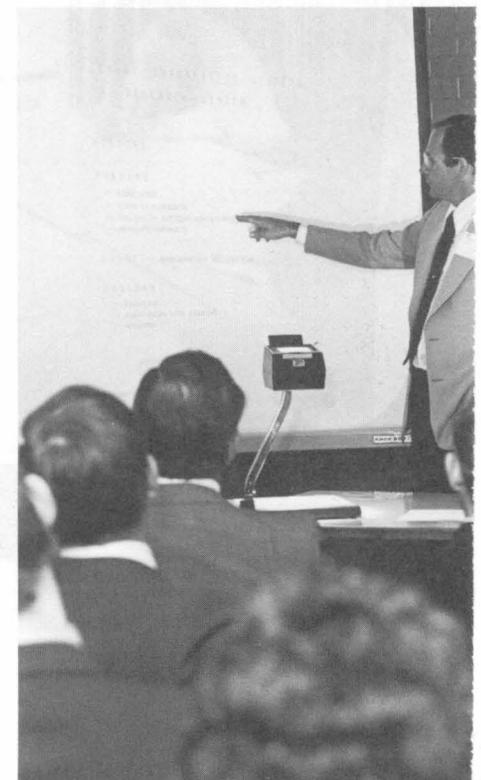
Issue 53

June 1976

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

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 Northern Natural Gas Company
 Northern States Power Company
 Northwestern Bell Telephone Company
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 Northwestern National Life Insurance Company

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 Super Valu Stores, Inc.
 Telex Communications, Inc.
 Tennant Company Foundation
 The St. Paul Companies, Inc.
 Title Insurance Company of Minnesota
 Tonka Corporation
 Toro Manufacturing
 Twin City Federal Savings and Loan Association
 Sperry Rand Corporation (Univac)
 Valspar Corporation
 Webb Company □

U Foundation Hosts Contributors and Recipients of Fellowship Program

The annual Corporate Associate Fellowship Program dinner was held May 6 at the Campus Club hosted by the University of Minnesota Foundation for contributing companies and for the fellowship students from Business Administration and the Institute of Technology.

It was attended by representatives of the sixty-one companies contributing to the fellowship program which benefits the two colleges enabling them to recruit top graduate talent at Minnesota colleges and nationwide. Robert Odegard, Executive Director of the University Foundation, served as master of ceremonies and Curtis Carlson, Chairman of the Foundation, introduced the guest speaker, W. Bruce Thomas, Executive Vice President of Accounting Services of U.S. Steel. Mr. Thomas spoke on the critical need for and means to encourage capital formation if industrial productivity is to increase and provide the funds to support the needs of our society.

An engineering student, representing the Corporate Associate Fellows, expressed appreciation for the awards and talked about the values of graduate education and the opportunities it opens. The University Mens Chorus provided musical entertainment.

The 1975-76 Fellows from Business Administration and their major interest are:

Ph.D.

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

MBA

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 □



Prof. Roger Schroeder

Prof. Gary Dickson speaking to Corporate Associate visitors

Corporate Responsibility in Minnesota Wins Awards

Of the thirteen companies winning awards for Corporate Social Responsibility in an annual competition sponsored by *Business and Society Review*, three are Minnesota based: Dayton Hudson, Honeywell and 3M.

In the 1975 competition, entries were received from fifty-three corporations whose activities ranged from a women's sports program to energy conservation to support for the arts.

Business and Society Review notes that the 1975 entries reveal, in addition to increased sophistication in programs and implementation, a turning inward. The 1968-71 period was heavy "with corporate efforts directed outward, such as programs to provide jobs in ghetto areas. Today, there appears to be much more emphasis on what goes on inside the company, along with a strong movement to motivate employees to participate more actively in community affairs."

Dayton Hudson Corporation—Disclosure of Information

Dayton Hudson received the award for its detailed report of how Dayton Hudson distributes its charity dollars which is available to any interested party, shareholder, employee, reporter, activist.

In addition to the high standard this disclosure of information sets, it also serves to encourage other companies to raise their charitable contributions to 5 percent of pretax profits, the maximum deduction the IRS permits. Only Dayton Hudson and Cummins Engine of major corporations take the full 5 percent deduction; most large companies do not exceed the 1 percent level.

Honeywell, Inc.—Community Involvement

Honeywell's corporate-wide Community Action Program to improve the quality of life in cities where it operates received an award for community involvement. In 1973, Honeywell set up the program in its field offices scattered throughout the country to encourage their employees to be active in their communities. As a result Com-

munity Action Committees are now functioning in fifty Honeywell field offices. These committees search for local projects to support or initiate, utilizing Honeywell people, equipment, facilities, and funds. To underline the importance of the program, Honeywell has established annual company awards for community service, terming it "one of the most significant awards an employee can receive."

Minnesota Mining and Mfg.—Energy Conservation

In 1971, two years before the Arab Oil Embargo, 3M began by applying its engineering know-how to develop an energy conservation program that today is probably as comprehensive as any corporation's. 3M plant managers throughout the world were sent a nineteen-point energy conservation checklist with which to comply. 3M's program ranged from recirculating air in a headquarters cafeteria to its Commute-A-Van program to cut down on employee commuting by cars. By 1974, the company had reduced its U.S. fuel consumption by 14 percent, saving \$4.4 million. It expects another 15 percent saving in the 1975-77 period. □

Business conditions—from column 3

3. Production and employment in Minnesota manufacturing are continuing to increase this quarter compared to last. This May survey marked the largest quarterly increase in firms reporting production gains in two years.
4. A notable feature of the replies to this survey is the balanced condition of business. There are no signs of too rapid inventory accumulation, nor are there indications that the rate of inflation is about to increase sharply.

This report is based on the responses of 134 of 195 panel members in manufacturing and retailing companies from throughout the state. It was prepared by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor Roger B. Upson. □

The Alumni Board of the College of Business Alumni Association hosted the faculty at the annual Alumni Board-Faculty Dinner at the Alumni Club in April. Following the social hour and dinner, a program was presented arranged by the Business-Government-Society area. Professors Bob Holloway, Del Hastings and Blaine Cooke, Kappel Chair Professor, participated.

James Norman Hove, Jr., BSB, MS, is Manager of Computer Operations for American Linen. While working on his Masters degree, Hove taught accounting nights at the University. J. N. Hove, Sr. is also a 1924 graduate of the College.

Dr. Donald L. Anderson, Professor and Graduate Director-Accounting, California State University, Northridge, has received the University's Distinguished Professor Award. Previously, he received the Outstanding Accounting Professor Award from the University's Accounting Association. Anderson received his Ph. D. from the U of M in 1964. □

"Women Have To Do Better Job Than Men"

"Women in politics have to be better prepared, better informed and do a better job than men. If they don't it's harder on the women who follow," Joan Growe, Secretary of State told about 100 participants in the Women in Leadership Positions Seminar in April sponsored by Phi Delta, business women's sorority.

Secretary Growe told of her experiences in the Minnesota Legislature and as Secretary of State. She also discussed the broader issues of women in politics and the small percentage of offices they hold. She said "the status quo has served men very well for a long time. It's unrealistic to expect men to flock to the aid of a women's movement. Many people still view the women's movement as threatening."

Other participants in the seminar were Joyce Carlson, alumnae of Phi Delta and Personnel Director of Control Data Corporation and Vera Likins, one of Phi Delta's founders. Ms. Carlson, speaking of women in the busi-

ness community, told of problems she encountered in entering a firm as the first woman in a management position. She stressed the opportunities, advantages, and problems found by women in business. Ms. Likins, Commissioner of Welfare for Minnesota, said she has found that women dependent on government welfare programs are dependent for a shorter time now than in years past. This demonstrates to her a growing sense of independence in women although barriers still block them from full citizenship and full participation in this society.

Jean Seinola, Secretary of Phi Delta, said all three presentations were well received and gave greater insight into the changing roles of women in government, business and society. □

Marketing Students Receive Awards

Two doctoral students in Marketing have received doctoral dissertation research grants: Grandhi Balakrishna has received a \$1100 grant for dissertation research from Medical Data Reports, Inc. His research will investigate organizational buying behavior in order to develop industrial market segmentation strategies.

Joanne Klebba received a \$3,000 grant from the National Association of Purchasing Management to investigate the power and influence of purchasing agents as determined by environmental uncertainty. □

Men at the Top?

"What Puts Men at the Top at the Top?" is the topic of the next quarterly Alumni Lecture, the tenth in a series sponsored by the College of Business Administration Alumni Association. Richard K. Gaumnitz, Professor of Management, will talk about the men at the top on July 8, at the Northstar Inn.

Reservations may be made by calling the Treasurer of the Alumni Assn., Richard Thorsen, at 338-4214 or Jan Windmeier at the College at 373-4174. □



John A. Kvam, Pres., CBA Alumni Board; Jan Windmeier, Alumni Services Director; Prof. Keith Davis; Dean Williams

Management Specialist Discusses Basic Trends for the 1980's

Keith Davis, Professor of Management in the Center for Executive Development in the College of Business, Arizona State University described four basic fundamental trends he sees influencing the changes occurring in our society at the ninth Quarterly Alumni Lecture on May 7.

The four trends are: we are becoming a *service economy* requiring more white-collar workers rather than blue-collar ones and more managers and supervisors, particularly at the lower levels; we are becoming a *knowledge society*, in which the majority of the labor force performs work based on knowledge rather than on manual skill; we have become a *more socially concerned, humanistic society*, in which values are being re-examined and many of them are changing; a fourth major development which in a way overlays all the others is we have become a *fast-changing, unstable society*, allowing people only short-term stability. "While earlier revolutions tended to take a century or more this

one seems to be headed for major change in only 25-50 years."

Davis concluded by stating that no business or other organization will escape the effects of the fundamental developments and their far-reaching consequences in the next one or two decades. "These developments suggest that future managers need to be better prepared than ever. They will need more behavioral, social, political, and system understanding. . . . The best of their intellectual abilities will be required to achieve results that meet human expectations. There will be disappointments, but also successes. THE FUTURE IS AN OPPORTUNITY, NOT A PROBLEM."

Professor Davis has taught at Arizona since 1958 preceded by eight years at Indiana University. He has been a consultant to major business firms and is author of numerous articles and books in the personnel and business and society areas. Davis received the Academy of Management Book Award for his 1966 book, *Business and Its Environment*, and the Human Relations Award in 1965 from the Society for the Advancement of Management.

Trends for 1980's—to column 16

Trends for 1980's—from column 15

Professor Davis appearance as the Alumni Lecturer was made possible through the Beta Gamma Sigma Distinguished Scholars Program which named him Distinguished Scholar of 1975.

Professor Davis lecture will be published and available upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, 55455. □

Faculty Involvement in Public Service

One of the requirements for appointment to the faculty and for promotion is a potential or a demonstration of strong performance in service, within the University, within professional organizations or in professional services to outside groups. Some of current faculty involvement in public service demonstrates the variety and depth of involvement.

Andrew Whitman, Professor of Insurance, serves on the Metropolitan Health Board which provides the comprehensive health planning function on behalf of the Metropolitan Council for the seven-county metropolitan area. The mandate to the Health Board and Council derives from two sources—one federal through the Comprehensive Health Planning Act of 1966 and one State through the Certificate of Need Act of 1971.

The Health Board, appointed by the Metropolitan Council for four-year terms, consists of 25 members not less than 15 of whom are to be consumers. It is committed to area-wide planning for hospitals, nursing homes, and boarding care home services, for mental health, mental retardation, and inebriety services, for narcotic and drug abuse services, for emergency care services, to developing an information base for comprehensive planning purposes, to studying and identifying areas of health scarcity, to reviewing and recommending whenever any hospital, nursing home or boarding care home wishes to increase the number of beds, remodels, or changes the scope of its services, to providing technical assistance and consultation to com-

munity organizations and institutions developing plans and programs for health care.

Professor Whitman spends at least three hours in hearings and meetings twice a month on board business and many more hours reading material and briefing himself on matters before the Board. In commenting on the Board's role, he said he believes, "the Board is an organization of highly competent and dedicated volunteers which, within its legal authority, attempts to control health care costs and allocate expenditures in a way that balances quality, community need and economy." □

Professor Robert Zimmer, Chairman of the Department of Accounting, last year served as a member of a four-man team appointed by the Securities and Exchange Commission to examine 3M Company's records for illegal political contributions. The review lasted from May to September 1975 and covered the last four years' business records.

Professor Zimmer doubts that any academic accountant has ever had the opportunity to examine a major corporation and ask the questions he did. He characterized 3M's illegal contributions as bad judgmental mistakes. Zimmer said it is going to be more difficult in the future to make mistakes such as those made by 3M and other firms because employees, accountants and

auditors have a clearer definition of corporate legal responsibilities.

Accepting the job on the investigative team was not an easy decision for Professor Zimmer because both 3M and its then auditors—Haskins and Sells — are major contributors to the University College of Business. Zimmer was assured by all parties that they wanted full disclosure of the facts regardless of possible negative repercussions. He says he came away from the 3M experience with a greater appreciation for, rather than a tainted opinion of, American business. □

Consultative Council Loses Two Members

Two members of the College's Consultative Council have been appointed to top national economic policy posts by President Ford recently: George H. Dixon, former chairman and president of First National Bank of Minneapolis, to the No. 2 job in the Treasury Department, as deputy to Treasury Secretary William Simon, and David M. Lilly, former chairman of the Toro Company, to fill an unexpired term on the board of governors of the Federal Reserve System.

Both Dixon and Lilly have long records of corporate leadership in this



V. P. Koffler; Fred Seed, Cargill; George Pennock, The Tennant Co.; Dean Roger Upson; Edward Asplin, Bemis Co.

area and will be missed by Minnesotans. They will be missed by their colleagues on the Consultative Council, the deans and faculty of the College as well.

The Council held its spring meeting Thursday, May 20 at the Campus Club. The agenda included suggestions for new members to fill vacancies created by the two resignations, reorganization questions facing the college, and the 1976-77 budget. Dr. Henry Koffler, Vice President of Academic Affairs of the University, met with the council. Dinner and informal conversation followed the afternoon meeting. □

Lawyer/Faculty Member Receives 'U' Alumni Service Award

Wells J. Wright, a prominent Minneapolis attorney, College of Business Administration and Extension class instructor, received the University's Alumni Service Award in April recognizing his years of service to the University as alumnus and teacher. He has taught business law for 30 years and has served as board member, vice president and president of the alumni association. He received his bachelor's degree in 1930 and his law degree in 1936. □

WORKING PAPER SERIES

"Authority-Task Problems" by Mary E. Lippitt and Kenneth D. Mackenzie, *Working Paper No. 32.*

In many organizations there are inconsistencies between the task process system and both the authority system and the formal hierarchy of offices. Problems created by these inconsistencies are called authority-task problems. A theory and model are presented to predict how an administrator will respond to an authority-task problem.

This theory and model is used in a field study involving high level experienced administrators at a large university. The administrators' choices of strategies for resolving the authority-task problems presented to them are consistent with this theory.

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

REPRINT SERIES

"Competition Between Railroads and Trucks" by James P. Rakowski reprinted from the *Traffic Quarterly*, April 1976.

With the spate of railroad problems in the northeast section of the nation and the complications resulting from the fuel situation, the question of the relative economic efficiency of the competing modes of transportation has become a topic of widespread concern. This article analyzes the competitive performance of railroad and highway operations, based on market share data and cost information. Total freight-haul tonnages as well as those for specific commodities are investigated to ascertain modal share in relation to both length of haul and shipment size.

This research is not intended to build a predictive model but simply to quantify some of the trends hidden in the mass of available data. The analysis reveals fairly good correlations between the modal share (tonnage) of the freight transport market and the independent variables of distance of haul and size of shipment,

especially when total freight tonnage is used rather than individual commodities. Tonnage for various distances of shipment correlates better with a logarithmic curve than with an exponential or linear curve, while for size of shipment the correlation with the exponential curve is better. Railroad maximum penetration of the market is significantly higher when shipment size is used as an independent variable, indicating that the railroad's greatest comparative advantage is in volume economies, though efficiency in long hauls is still important.

"Price Fixing Conspiracies: Their Long-Term Impact" by W. Bruce Erickson reprinted from *The Journal of Industrial Economics*, Vol. XXIV, No. 3, March 1976.

Recent economic literature on price fixing has sought to describe 'conspiracy prone' industries as an aid in the identification and prosecution of collusion. Evidence on the long-term economic impact of collusion, vital to an understanding of price fixing from an analytical and a public policy viewpoint, is conspicuously lacking. The first three sections of this paper trace the development, behavioral patterns, and performance of price fixing in the gymnasium seating, rock salt, and structural steel industries. Section IV examines the effects of the prolonged conspiracies in these three industries.

The conspiracies in the three industries studied dramatically raised prices, costs, and profits. Price fixing in these three industries was finally eliminated by government legal action and not by internal disagreements among the conspirators, conspiratorial cheating, or new entry.

The presence of conglomerates in an industry increases the probability of oligopolistic coordination. Powerful conglomerates as in gymnasium seating and structural steel tended to cause single product line competitors to suppress inclinations toward competitive pricing behavior. If, as in structural steel, the conglomerate is a major supplier in an oligopolistic industry, the reluctance to compete is pronounced. Successful collusion, then, simultaneously makes a return to com-



E. Palmer Tang, Touche Ross & Co.; Dean C.A. Williams; Ron Hubbs, Chairman of Board, The St. Paul Companies

petitive pricing behavior less likely and enhances the prospects for informal coordinates once the cartel is suppressed by government action.

“Decision-Making and Information Systems in Colleges” by Carl R. Adams, Theodore E. Kellogg and Roger G. Schroeder reprinted from *The Journal of Higher Education*, Jan/Feb 1976 Issue, Vol. XLVII, No. 1.

In order to develop new methods for improving decision-making and information systems it is necessary to understand how these systems currently operate. The study reported here was designed to illustrate some aspects of current administrative systems. Based on a sample of ten small to medium sized colleges, responses to the following types of questions are reported: How are particular decisions

typically made? Who is involved in making various decisions? What information is available for decision-making and operations? What kinds of analyses are usually used?

Part of the data presented focuses on review, faculty performance evaluation, and budgeting. Another part concentrates on assessing the use of various types of information and analytical data. Based on the survey data, a description of college decision-making and information systems is provided. Some tentative conclusions are also drawn in the form of hypotheses for further research.

“Market Pricing Comes to Banking” by Paul F. Jessup and Mary Bochnak reprinted from *The Bankers Magazine*, Vol. 159, No. 2, Spring 1976.

Proliferation of unpriced banking services—in contrast to competitive

pricing of services—contributes to substantial economic inefficiencies. Current practices that contribute to inefficiency should be—and probably will be—soon reviewed and revised. Therefore, both bankers and bank customers should begin to look for major changes in how banks price their products. Individual customers, for example, will have fewer choices among ‘free’ premiums and ‘free’ checking accounts; instead, they will be able to choose from among a broad set of competitively priced banking services. Corporate and government customers also will have more opportunities to shop for specific services both within a bank and among banks. These pending changes will ultimately benefit bankers and bank customers who adequately prepare for the new competitive environment. □



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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Record Number Graduate in Business Alumni Receive Awards

Spring commencement exercises of the College of Business Administration attracted 1400 attendants to witness awarding of degrees to some 229 undergraduate and 30 graduate students and Outstanding Achievement Awards to three alumni by Regent Lester Malkerson. Since the University changed to individual college commencements, the College of Business has drawn capacity crowds to its student planned events. This year the exercises were held on Sunday, June 13 in the West Bank Auditorium followed by an informal reception in the downstairs court area.

The traditional commencement address, having gone the way of other traditions since students have had more say in their affairs, was replaced by a well-received student produced slide show depicting student life in the business college.

In addition to the awarding of degrees, special scholarship and service awards were made. Among them were the Delta Sigma Pi Scholarship Key to Paul Parker, awarded to the male graduating senior in the College having the highest scholastic average for work done in the College and in the prescribed pre-business work; The Senior Woman's Scholarship
Commencement/Awards-to column 4



Commencement June 13, 1976 Lester Malkerson, Philip B. Harris

Minnesota Business Conditions Survey

Results of the August 1976 survey of Minnesota business conditions indicate that business conditions are improving about as rapidly as they were earlier in the year for Minnesota's manufacturers and retailers. This is the overall conclusion drawn from the August 1976 survey of statewide samples of manufacturers and retailers. However, in the parts of the state affected by the drought, retail sales have been affected adversely. At a time of the year when few retailers usually report declining sales, one in five report sales in August below those in May. Among manufacturers, fewer are reporting increases in production and employment than in May, but about the same number

of manufacturers are reporting increased new orders.

In addition, the proportion of manufacturers reporting increased employment over a three-month period was the third largest since this survey started in May 1974. Compared to a year ago in retailing, record large proportions of retailers showed increases in employment and inventory levels.

*There are some signs that business conditions may be getting unbalanced. The May 1976 survey noted that there were then no signs of too rapid inventory accumulation, nor any indications of sharp increases in the rate of inflation. By contrast, there are now signs of potential inventory and inflation problems. Based on survey responses, in
*Business Conditions-to column 12**

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Commencement/Awards-from column 1
 ship Award to Ann Louise Schwind for scholarship meeting the same qualifications as the men's award; The Tomato Can Loving Cup Award to Dan Harrington, Business Student Board President, for distinctive service to the College.

Three former students of the College were presented the University's Outstanding Achievement Award by Regent Malkerson. Accepting awards were Philip Harris, (BSB '33) Chairman and Chief Executive Officer of Northwestern National Bank of Minneapolis; Vera Likins, (BSB '39, Ph.D. '68) Commissioner of the Minnesota Department of Public Welfare; and Eugene Spika ('42) Minnesota area manager of the U.S. Civil Service Commission.



Regent Lester Malkerson, Vera Likens



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Harris was cited as a recognized expert in the banking community, a founder of the Minneapolis War Memorial Blood Bank, and a "concerned citizen active in civic, charitable and cultural organizations."

Likins was honored for her performance as executive director of the Governor's Council on Executive Reorganization, as developer of the first statewide system for employee performance appraisal and an "able administrator who has reorganized the welfare department."

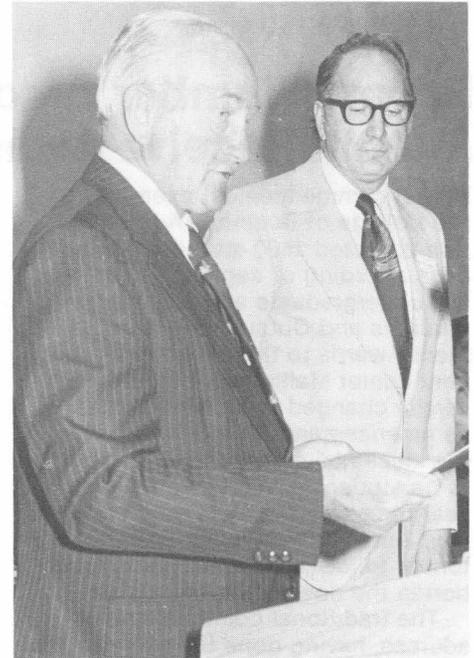
Spika was cited for his performance as regional manager of the civil service commission, for being an "innovative leader in all aspects of public administration, a concerned humanitarian devoted to affirmative action and employment of the underprivileged and handicapped"; for developing vocational and educational programs for wounded personnel during and following WW II. □

Reassessment and Reorganization

Two requests last Spring, by the faculty in Industrial Relations, and Accounting, for consideration of 'school' status within the College and Graduate School of Business Administration, have provoked reassessment of the College's mission and objectives as well as its organizational structure.

Dean C. Arthur Williams and Associate Dean Roger Upson have spent many summer hours thinking, discussing and consulting with others about the College mission, objectives and alternative organization structures which affect how the College responds to issues facing it specifically and higher education generally. They were helped by an ad hoc faculty committee that examined the 'school' proposal during the Spring and raised some of the critical issues.

The Deans' report will be the basis for discussion at a two-day faculty retreat in September before classes begin. The retreat will consider both objectives and alternative



Regent Lester Malkerson, Eugene Spika

organizational modes. After the retreat, a revised proposal embodying mission and objective statements along with an organizational plan will then be discussed with University officials and the Business Administration Consultative Council. Further revision and refinement following those discussions could allow a plan to receive further faculty consideration late in Fall Quarter. The results of that faculty discussion will then return to the Dean where final decision rests on organizational matters, according to the College Constitution.

In the five years since the College faculty adopted the 1971 mission and objective statement, the world and the College have changed, altering the demand pattern for the College's various programs and its own capabilities. A realistic assessment of resources likely to be available during the next five years strongly indicates that the College cannot meet all of the demands for its present programs, let alone ones that it might wish to initiate, at acceptable quality levels. Consequently, some changes of emphasis and some reorganization appear likely. □

Fellowships Awarded to Twenty-Two Graduate Students

Twenty-two graduate students have been awarded Corporate Associate Fellowships in the Graduate School of Business Administration for the coming year through the Corporate Associate 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 Graduate School of Business Administration and the Institute of Technology. The program was envisioned as an important element in attracting outstanding graduate students to the University both from Minnesota and outside the state. It strengthens the graduate program by challenging the faculty and other students to excellence and strengthens the undergraduate program by upgrading the calibre of graduate students who teach undergraduate courses.

The four Ph.D. students who received awards are listed below with their major interest and their previous degrees:

- Karen Hawley — Management
BS Engineering, U of Minn., 1971
- Margrethe Olson — MIS
BSB, U of Mich., 1971
- Horton Sorkin — Accounting
BSB, U of Missouri, 1970
- Nanette Weiner — Ind. Relations
BSB, U of Minn., 1969, MA IR, U of Minn., 1974

Eighteen MBA students received Fellowships. They are listed below:

- David Bond — Accounting
BSB, Ohio State, 1975
- Thomas Cavalli — Accounting
BS, Ohio State, 1975
- Lawrence Espe — MIS
BA, U of Minn., 1972
- Marilyn Froelich — Generalist
BS, No. Dakota St., 1976
- Jay Holmen — Accounting
BA, Moorhead, 1976

- John Kessler — Management
BSB, U of Minn., 1976
- David Kuhnau — Finance
BS, St. Olaf, 1976
- Gretchen Lindstrom — Management
BA, U of Minn., 1972
- Barbara Miller — Ind. Relations
BA, Vanderbilt, 1975
- Douglas Robinette — Accounting
BA, Ohio State, 1976
- Donn Sandell — Finance
BA, Gustavus, 1972, MA, U of Minn., 1974
- Tim Scheuppert — Generalist
BS, Arizona State, 1976

Second Small Business Management Seminar Held

Seventy people interested in the management of small business attended the second program specifically planned for small business by the College of Business on June 4. A successful program in 1974 revealed the need and interest in such a program.

The small to medium sized company not only has the same management problems as large organizations, but also faces many additional unique issues. Among these is the inability to establish significant economic savings through financial actions and organizational adjustment. Recognizing the demands on small/moderate size firm's management, Professor Roger Stover, Director of the Financial Studies Center of the College of Business, and the Continuing Business Education Department jointly developed this one-day program to provide assistance in specific areas: 1) Analysis of the relationships between sales, profit and cash position; 2) How a firm can make effective use of its

- Martha Schulte — Accounting
BS, St. Cloud St., 1972
- Robert A. Smith — Ind. Relations
BSB, U of Minn., 1975
- John Southwick — Management
BS, U of Minn., 1976
- Priscella Thomas — Accounting
BS, Southern Univ., 1973
- Kent Turner — Accounting
BBA, U of Iowa, 1975
- Scott Vergin — Finance
BA, St. Olaf, 1976

"Many fine graduate students have been attracted to the Graduate School of Business by the Corporate Associate Fellowship program in the past seven years. We are extremely pleased with it and grateful to the contributing firms for their continued support," Dean C. Arthur Williams said in announcing the awards for 1976-77. □

accountant; 3) Increasing employee productivity; and 4) Developing and utilizing information systems.

The participants and their program topics were: *Success may be the cause of your failure* with **Assistant Professor of Finance Gavin Collins**; *The small businessman and his accountant* with **Grady Alderman**, CPA with Haskins and Sells; *The Scanlon Plan* lead by **J. Stephen Heinen**, Assistant Professor of Managerial Psychology; and *Developing an information system for small business* with **Gary Dickson**, Professor of Management Information Systems, as seminar leader.

Professor Roger Stover, Director of the Center for Financial Studies, planned the program and arranged the speakers, Continuing Business Education took care of the physical arrangements. Professor Stover, pleased with the program's acceptance, said that he expects the interest shown in it to dictate continuing such programs oriented to small business management. □

Are They Different at the Top?

According to Management Professor Richard K. Gaumnitz the average successful executive in big business possesses a high energy level focused mostly on business, has an exceptional enthusiasm for and a surprisingly wide knowledge of his firm and industry, including information outside his sphere of expertise, be willing and able to make timely decisions. He won't act precipitously, but he won't procrastinate. He exudes confidence, is unflappable and emotionally stable. He won't fall apart at disaster nor react with hysterical joy to success.

Gaumnitz believes these traits are necessary to make it to the top. "There are dozens if not scores of people at the second and third level and the question of whether or why they're not promotable is one that interests me. . . . I suggest to you that you have to have *all* of these qualities to a pretty good degree to be a typical successful man at the top in a big business company." He suggested that perhaps top executives

also possess sophisticated 'early warning systems' that permit them to foresee the consequences of proposed actions.

Professor Gaumnitz identified three varieties of people at the top, the starter, the fixer and the steady hand, any one of whom may serve effectively at one particular period in a firm's life, but may not at all periods. Most of the time he spoke about the steady hand who takes the business that is started and brings it along up the S curve and with luck can keep it going up.

Gaumnitz made his remarks at the July Quarterly Alumni Lecture, the tenth in the series to provide interaction between the management business community and faculty. His address will be available upon request at no charge from the Research Division.

The next lecture in the series will be October 6, "Management Science: Its Role and Non-Role in Decision Making" by Professor of Management Science Norman L. Chervany. The talk will focus on the rationale for Management Science and its limitations in solving management problems. □

50th Alumni Reunion of the Class of 1926-June 1976

I had a little hesitancy about returning to my 50th reunion, especially since I have lived away from Minneapolis for nearly forty years and didn't have the day-to-day contact with old classmates. I called two of my old classmates in Minneapolis, Cliff Anderson and Spig Fawcett, to be sure I'd know somebody at the reunion. When my wife and I arrived at the Alumni luncheon I circulated in the crowd, cautiously searching for familiar faces and trying to read the name tags through my bifocals. I recognized no one for the first few minutes, until Mary Staples called out my name, from then on I found I knew many old friends.

We sat at a table with Cliff Anderson, Waldo Hardell and their wives. Waldo and I had a very nice talk about old times at the business school and the 3 years after when I worked in Minneapolis. Dean Dowrie of the Business School in 1926 was a good personal friend of mine and helped me get my first job as a Real Estate Broker in Minneapolis. I reminded Waldo that in 1928 I bought the Theta Xi house, then at 519 10th S.E. I sold this house to the Delta Sigma Pi Business Fraternity and



Alumni lecture July 8, 1976
John Kvam, Professor R.K. Gaumnitz, Dean C.A. Williams, Jan Windmeier

Business Conditions-from column 3
ventories in retailing appear high, probably reflecting both anticipatory buying and the impact of the drought. Retailers also report an increase in the time between ordering and receiving merchandise, and this is accompanied by more retailers reporting price increases on purchases of inventory.

This report is based on the responses of 108 of 192 panel members in manufacturing and retailing companies from throughout the state. The quarterly survey is conducted by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor Roger B. Upson. □

Waldo was on the board that did the negotiating. I believe that the sale price was about \$15,000. I used about \$2,000 of my own cash, in addition to a first and second mortgage that I arranged. I was \$1,500 short of making the deal, but I was promised the \$1,500 from Produce State Bank. This was in the Fall of 1928, but when I went to the bank for my \$1,500, I was told that they had no money, because it was all in New York on the call market at 28% per annum. My father finally came to my rescue and loaned me the money, so that I made about \$3,500 on the deal. I reminded Waldo at the luncheon table that if he'd only known my predicament he possibly could have saved \$3,500.

In 1929 I went to the Harvard Business School and graduated in 1931. I got an excellent job on Wall Street with an international banking house. I was married in 1932, and about six weeks later I lost my job, but I soon got a new job servicing mortgage loans for the Irving Trust Company. While I was in New York for these three years, I saw many of my old Minnesota friends, including Ralph Rotnam, Minnesota Business School, 1925, George Russell, who retired as Vice Chairman of General Motors, Dick Taylor, of the class of 1928 of Minnesota, and 1931 at the Harvard Business School, and many others.

In 1935 I returned to Minneapolis to work for IDS in their mortgage loan department. I was Manager of the Twin City Mortgage and Real Estate Departments for about two years and then was sent to St. Louis in 1937 to be Loan Correspondent for IDS in Missouri. I stayed with IDS until 1955 when I started Mortgage Syndicate, Inc., a private mortgage banking company, which is owned by my family.

When I was in the U.M. Business School, I had three honors which I have always been proud of: President one year of Alpha Kappa Psi Business Fraternity, the first Managing Editor of the "Gopher Business News" and the Alpha Kappa Psi awards, 1926 (along with Waldo Hardell), which was started in 1925 and is still granted each year to three seniors of the Business School who

excell in school activities and scholarship.

I still work 60 hours a week in my business when I'm in St. Louis, but I now take three or four vacations a year, including a couple months in Florida. My wife and I travel quite a bit and in September we intend to spend some time in Germany and Switzerland, mainly to see our daughter and her husband and four of our six grandchildren.

On my other activities since I've been in St. Louis, I lectured at Washington University for 11 years in mortgage banking. I was President in 1962 of the St. Louis Mortgage Bankers Association. I have been active in the St. Louis County Grand Jury Association for many years and was President in 1972. I was on the Board of Directors of the First National Bank of Linton, North Dakota for about eight years. Presently I am serving on the Board of the St. Louis Children's Adoption Home, and incidentally, my wife is on the Board of the Kirkwood Old Folks Home, where we cautiously remark "we have them coming and going."

It was really delightful to spend this day at the reunion reminiscing. I talked briefly with Clarence Paulsen, retired and living in Princeton, Minnesota, Harold Paseneau was here from Chicago; and others who attended the reunion from Business School were Harold Benjamin, Ralph Heggman, Bernice Larsen and Mertys Olsen. I didn't see everyone, but I since have looked up their pictures in the Gopher on my return home. I had a very enjoyable 45 minute talk with Dean Williams of the Minnesota Business School and I marveled at the large and prominent school that it has grown to in the past 50 years since the little old brick building where we attended classes "where the street car bends".

When in Minneapolis, we stayed at the Marquette Inn in the IDS Center. I marveled at the recent growth of the Minneapolis business area, and this wonderful IDS Center, and I am proud that I worked for this company for 20 years. The bus trip that the returning Alumni took through the East and West campuses and the

meeting at the President's Home, hosted by Ed Haislet made the reunion a grand occasion. Maybe some of us can come back again in 10 years for our 60th.

Larry Seeman, Class of 1926

Joyce K. Carlson ('59 BBA) has been named Vice President Personnel for B. Dalton Bookseller. Ms. Carlson was Senior Personnel Administrator for Control Data. She was a member of the Business Alumni Board from 1971-74.

James D. Cook, Jr. ('70 BSB) has been named new Executive Director of the Minnesota Accounting Aid Society, a nonprofit organization which provides free accounting and tax help to small business, nonprofit groups and low-income individuals. Formerly Chief Auditor, American National Bank, St. Paul, Cook has been active in community affairs and in seeking scholarship opportunities for minorities. He is former Chairman of the Minneapolis Branch NAACP Martin Luther King Scholarship Committee, and currently serves as Chairman of the Minnesota Society of CPA's Minority Scholarship/Internship Committee. Cook is a member of the Board of Directors, Goodwill Industries of St. Paul; the Minneapolis Branch NAACP, as well as the Board of Governors, Twin Cities Chapter Institute of Internal Auditors and is Associate Director of the Socio-Economic Committee of the National Association of Accountants, Viking Chapter. □

Alumni Alert

Save Wednesday, October 27 for the 23rd Annual Alumni Institute. Announcement of speakers and topics will be made soon. □

New Faculty Appointments Made

Eight new full-time regular faculty members will join the College faculty this fall. They are:

Accounting

Grover A. Cleveland, DBA '73, Indiana University, CPA

John W. Dickhaut, Ph.D. '70, Ohio State

Robert E. Hamilton, DBA '75, University of So. California, CPA

John C. Lere, Ph.D. expected Fall '76, University of Wisconsin, CPA

Finance

James M. Gahlon, Ph.D. expected Fall '76, University of Illinois, CPA

Industrial Relations

Hoyt Wheeler, JD '61, University of Virginia, Ph.D. '74, University of Wisconsin

Management Science

George Benson, Ph.D. expected Fall '76, University of Florida

Marketing

Eric N. Berkowitz, Ph.D. expected Fall '76, Ohio State

Visiting Faculty Appointments

Accounting

Mohamed Heakel, Ph.D. '68, University of Illinois, continues a visiting appointment of last year.

Industrial Relations

Daniel Feldman, Ph.D. '76, Yale University

Management Science

Ram Narasimhan, Ph.D. expected Fall '76, University of Minnesota

Faculty Resignations

Gavin Collins, Assistant Professor of Finance, has resigned and will return to school to obtain certification for elementary school teaching at which time he plans to open a private Christian school. Associate Professor of Accounting *Donald M. Ricketts* has resigned to accept a professor-

ship at the University of Cincinnati. *Merrill Arnold* has resigned as Director of Continuing Business Education to take a position as President of Bondhus Tool Co. of Monticello.

Faculty Promotions

The following faculty members' promotions were approved by the University Regents:

Bruce Erickson to Professor of Business and Society

George Milkovich to Professor of Industrial Relations

Roger Schroeder to Professor of Management Science

Orville Walker to Professor of Marketing

Martin Duffy to Associate Professor of Industrial Relations

Gordon Everest to Associate Professor of Management Information Systems

Faculty Leaves 1976-77

Richard K. Gaumnitz, Professor of Management, has a sabbatical leave to research the use of films and other audio-visual aids in teaching.

Patrick Pinto, Associate Professor of Industrial Relations, will study and write in the area of career planning for the individual/manpower development by the firm.

Wm. Weitzel, Associate Professor of Industrial Relations, will spend his year leave teaching in the Northern European Management Institute in Oslo, Norway.

Andrew Whitman, Professor of Insurance, will spend Winter quarter studying the Coordination of Medical Insurance Payments in Auto Accident Cases.

Returning from Leave

Martin Duffy, Associate Professor of Industrial Relations, has been studying in the area of audio-visual techniques.

Charles Purdy, Associate Professor of Accounting, spent his year on leave as Visiting Professor of Accounting at the University of Florida. □

Center for Experimental Studies in Business

"Ascertaining Programming Needs of 'Voiceless' Community Groups" by Orville C. Walker, Jr. and Wm. Rudelius, *Journal of Broadcasting*, Winter 1976.

In 1971, the Federal Communications Commission released its revised *Primer on Ascertainment of Community Problems* in an attempt to set guidelines for license applicants to follow in studying and responding to the "problems, needs and interests" of their communities. While that effort may have encouraged a substantial increase in amount of effort expended by applicants in attempting to identify the problems and programming needs of the people in their communities, there is also evidence that there is much room for improvement in the way many applicants approach ascertainment of community needs.

The primary purpose of the study reported in this paper was to obtain detailed information about the problems and needs perceived by a variety of such groups in one major metropolitan community, the Minneapolis-St. Paul metropolitan area. All of the groups interviewed in the study were included because they represented people who had problems which placed them outside the mainstream of American society.

Perhaps the major conclusion suggested by this exploratory study is that peoples' perceptions about why they are outside society's mainstream, and of their chances for getting into the mainstream in the future, have a major impact upon 1) the needs they think broadcasters could satisfy and 2) the nature and content of new programs they would like initiated.

"Is There A Free Lunch? — Assessing the Luncheon Meeting Between Sales Representatives and Buyers" by Paul J. Halvorson and Wm. Rudelius, June 1976.

This paper reports on a study which interviewed sixty sales repre-

sentatives and buyers on the objectives and effectiveness of conducting buyer-seller business at luncheon meetings.

Those interviewed agreed that the objective of luncheon meetings is buyer-seller business and that quality and delivery problems on current or contemplated purchases are appropriate topics but that price negotiations are off limits. Most believe that the luncheon meetings don't lead directly to order placement. Rather, such meetings lead to closer personal relationships, trust, and confidence that — in turn — may lead eventually to orders in the long run.

While neither sales representatives nor buyers want dramatic changes in their luncheon meetings, they do have ideas for minor improvements — but this does not include more advance preparation or developing agenda for the meetings. Since salespeople especially want more business talk, they should take the lead in getting down to the 'brass tacks' of business talk more quickly. Both groups perceive the most effective meeting to occur when the sales representative, the buyer, and a person from the support group of the buyer's firm, such as an engineer or quality control person, attend the luncheon meeting. Apparently the business lunch serves the objectives of both sales people and buyers well enough that neither group wants to tamper with it in any significant way.

"Small Retailers: Their Acceptance of a Program to Ease Retirement and Business Transfers" by Alan Flory and Wm. Rudelius, July 1976.

The decision of a retail sole proprietor to retire is a critical one — both for the retailer personally and for society as a whole. Personally the sole owner of the store wonders whether he or she can afford to retire. For society the owner's retirement may add to social security costs — but it may also cause a loss of a viable enterprise that is no longer available to serve local shopping needs because no new owner can be found.

This study analyzes two possible kinds of aid: 1) through an apprenticeship program, and 2) through direct financial assistance to retail businesses. It appears that age is the most important single factor in the decision to retire with health also a major factor. Financial and administrative problems were given as the least important factors in the decision to retire.

It appears that a large enough segment of the proprietors would be willing to try an apprenticeship program and since many of these firms were quite successful operations, they would also seem attractive to potential program apprentices. The financial aid program would apparently not succeed. None of the respondents showed interest in such a program, and all would turn down any aid coming from it.

REPRINT SERIES

"A Practitioner's Guide to Addressing Algorithms" by Dennis Severance and Ricardo Duhne reprinted from *Communications of the ACM*, June 1976, Vol. 19, No. 6.

This paper consolidates a number of popular rules of thumb which have been suggested for the design of record addressing algorithms, and discusses the applicability of these rules to large commercial data bases. Guidelines for selecting identifier transformations, overflow techniques, loading factors, bucket sizes, and loading order are considered. Particular attention is focused on the reasonableness of common heuristics for determining primary or secondary bucket sizes. A mathematical model which explicitly considers storage device characteristics and time/space cost tradeoffs is used to analyze the effect of design parameters on overall system costs. A specific design example is presented and solved.

Single copies of the Reprints and Working Papers are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455. □

Continuing Business Education 1976 Fall Quarter Program Schedule

EFFECTIVE COMMUNICATION SERIES

DYNAMICS OF SMALL GROUP
PROCESS

September 22

SEMINAR IN BASIC COMMUNI—
CATION AND PERSUASION

October 13-14

EFFECTIVE LISTENING: DEVELOP—
ING YOUR EAR-Q

November 3

EFFECTIVE ORGANIZATIONAL
PRESENTATIONS

**November 10 and 17 (Two-Day
Program)**

HOW TO USE POWER AND
AUTHORITY IN YOUR ORGANI—
ZATION

(An Advanced Communications
Laboratory) December 15-17

EFFECTIVE SECRETARY SERIES

ELEMENTS OF HUMAN BEHAVIOR
FOR SECRETARIES

September 14

TIME MANAGEMENT FOR SECRE—
TARIES

September 28

TRANSACTIONAL ANALYSIS FOR
SECRETARIES

October 5

INTERPERSONAL COMMUNICATION
FOR SECRETARIES

November 18

EFFECTIVE MANAGEMENT SERIES

TIME MANAGEMENT FOR
MANAGERS

September 24

LEADERSHIP AND TEAM BUILDING

October 15

PROBLEM SOLVING

October 22

INTRODUCTION TO MANAGE—
MENT BY OBJECTIVES

October 29

DECISION MAKING

November 5

MOTIVATION

November 12

WOMEN IN BUSINESS

ASSERTIVENESS TRAINING FOR
WOMEN IN BUSINESS

October 14

MANAGEMENT DEVELOPMENT
FOR WOMEN

November 3-5

MANAGING INTERPERSONAL
CONFLICT FOR WOMEN
IN BUSINESS

December 7

GENERAL TOPICS

ADVANCED WORKSHOP IN
EMPLOYMENT INTERVIEWING

August 24-25

TRANSFER OF SCIENTIFIC AND
TECHNICAL INFORMATION

September 30, October 1

MANAGING CHANGE

October 1 and 8 (Two-Day Program)

ACCOUNTING FOR NON-
ACCOUNTANTS

**October 5, 12, 19, 26, November
2, 9, 16, 23**

BASIC WORKSHOP IN EMPLOY-
MENT INTERVIEWING

October 6-7

MANUFACTURING METHODS
IMPROVEMENT

November 1-2

OFFICE METHODS

November 11-12

REVITALIZING MANAGEMENT
BY OBJECTIVES

November 15

TIME MANAGEMENT FOR
MANAGERS

December 1

BASIC WORKSHOP IN
EMPLOYMENT INTERVIEWING

December 8-9

The Minnesota Executive Program is conducted annually to help top executives enhance corporate policy and strategy-making skills. This six-week course extending over a period of six months, focuses on general policy and specific decision-making skills. The program is a guide to more effective use of human resources and environmental intelligence data. MEP serves as a stimulus for enhancing the conceptual, technical, human and communicative abilities required for implementing effective corporate strategy.

In-House Programs may better fit your needs. Does your company have special needs or several employees who would benefit from any of our regularly scheduled programs? If so, you may find it beneficial to have a program scheduled for your employees.

**For Further Information Call: Con-
tinuing Business Education (612)
373-3680** □

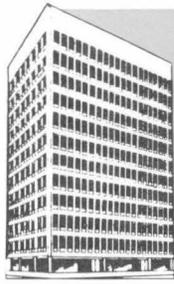


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Jeffrey O'Connell Banquet speaker Annual Alumni Institute, October 27, 1976

Business and the Products Liability Crisis

Why couldn't the manufacturer of a product warrant that he would pay on a no-fault basis when his product injures the user in return for a tort exemption? Why hasn't business done as it did with workers' compensation and insured against such events? Jeffrey O'Connell, Professor of Law, University of Illinois, and co-author of the principal work proposing no-fault auto insurance, discussed these questions in his address to the Business Alumni at the Annual Institute on October 27.

O'Connell stressed the experience with workers' compensation where between 1910 and 1920, every state except four southern states, enacted workers' compensation by which after an accident, an employer would pay an employee regardless of how the accident

happened, regardless of employee carelessness or employer carelessness. There would be payment for the employee's medical expenses and wage loss (at blue collar level), but not payment for pain and suffering. It was no longer a case of the wrongdoer paying an innocent person, it was a question of an insurance mechanism paying for economic loss. Stressing the high cost and great time consumed by attorneys in litigation, O'Connell proposed a no-fault system for product liability cases and suggested that business could move ahead by insuring itself in this area rather than waiting for public demand legislation requiring it.

Copies of O'Connell's address will be available upon request to the Research

Crises-to column 4

Minnesota Business Conditions Survey Leading indicators turn down

The November 1976 survey of manufacturers and retailers revealed weaker responses to questions on new orders and buying policies, items that are often indicative of the future direction of the economy. Only 47 percent of manufacturers now report increased new orders compared to 60 percent in August. This deceleration in new orders is accompanied by shortened buying policies. Manufacturers and retailers are currently receiving merchandise and production materials about a week sooner than in August, and capital equipment is being received 20 days earlier than in August. These data are indicators of a slower rate of growth in the Minnesota economy over the next few months.

Indicators of current conditions are mixed.

Manufacturing activity continues to increase, with production increases being reported more frequently than employment increases, a potential indicator of increased productivity. In addition, the levels of inventories are not reported to have risen by as many manufacturers as report increased production of new orders. Thus manufacturers do not appear to be entering a period of slower growth with large amounts of inventory.

Conditions-to column 7

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Crises-from column 2

Division, College of Business Administration.

Preceding O'Connell's address at the evening banquet at the St. Paul Radisson, University President Peter Magrath presented the University's Outstanding Achievement Award to Norbert Berg, '57MA, Control Data Vice President. Oth-

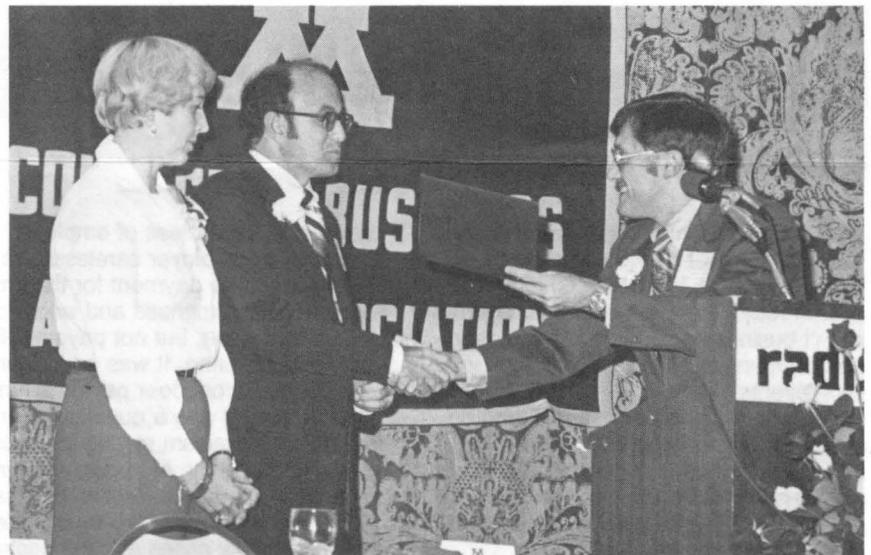
er speakers were Thomas Swain, '42BBA, President of the Minnesota Alumni Association, David Koch, President Graco, Inc., Honorary Chairman of the Institute, Jim Brandt, '60BSB, CBA Alumni Association Vice President, and Dean C. Arthur Williams, Jr.

At the afternoon session, alumni heard three panels discuss: "The 1976 Election: Its Impact on Business," "How

Can Management Science Effectively Assist Management" and "Industrial Relations on the Road to Equality Employment and Justice." In addition to faculty, Darrel Wegscheid, of Marketing Planning Systems, 3M Company and Rajiv Tandon, Director of Financial Analysis, National Car Rental Systems, served as panelists. □



Tom Swain, Alumni President presenting certificate of appreciation to John Kvam, outgoing CBA Alumni President at Annual Institute October 27, 1976



University President C. Peter Magrath presenting Outstanding Achievement Award to Norbert Berg, Control Data, at Annual Alumni Institute October 27, 1976

Forecast 77

A one-day conference, presented by the Employer Education Service of the Industrial Relations Center, provided attendees from both private and public sectors an in-depth preview of where the economy will be going in 1977.

The purpose of the conference was to furnish the types and depth of information to allow the making of informed decisions in light of basic underlying trends in the economy. Both national and regional aspects were detailed, providing a comprehensive prediction of economic trends and their implications. The speakers, all recognized authorities in their fields of specialization, supplied the all-important resource base to guide planning operations.

Professor Roger B. Upson, Associate Dean of the College of Business Administration, who supervises the Minnesota Business Conditions Quarterly Survey discussed survey reports which constitute an invaluable barometer of the statewide business situation. Aggregate data of this type is of use in the planning function of organizations of all sizes throughout the state.

Distinguishing between sectors with growth potential and those with deficiencies and covering both the national picture and the upper midwest, this session presented by Dr. Tom Supel, Senior Economist at the Federal Reserve Bank of Minneapolis, provided attendees with an assessment of overall economic behavior

Conditions-from column 3

By contrast, more than half of all retailers have reported increased inventories for three consecutive quarters. Although these increases match the sales increases, inventory levels are in physical units whereas sales are in dollars, and prices have continued to rise. Thus inventory levels may have been rising more rapidly than the real level of sales. In addition, this is the seventh consecutive 3-month period that most retailers have held employment stable and fewer retailers report employment increases than inventory increases. Although the

in the next twelve months.

Robert McIntosh, Piper Jaffray and Hopwood, addressed questions such as where will the market go in 1977? will the Dow stay above the 1,000 level or sink even lower? which stocks will be the leaders next year? . . . the losers?

The agricultural forecast was presented by Charles E. Erickson, Cargill, Inc. who addressed himself to how Minnesota agriculture will fare in 1977, what will happen to farm income and what developments will characterize world agricultural markets in the coming year?

The construction industry, one of the most important in the economy, has passed through a period of depressed activity. What will 1977 bring? Will it rebound or remain in the doldrums? What are the factors which influence housing and housing costs? Larry Laukka, Vice President, The Sussel Company spoke to these issues.

Norman J. Simler, Chairman of the Economics Department of the University, discussed the prospects for full employment in 1977. Mario Bognanno, Director, Industrial Relations Center, addressed himself to wages and collective bargaining in 1977.

Proceedings of the program designed to meet the needs of those who have planning responsibilities in both the public and private sectors, will be published and available at cost. Inquiries may be directed to Ross Azevedo, Assistant Professor, Employer Education Service, Industrial Relations Center, University of Minnesota, 373-4123, who arranged the program, or the College Research Division, 373-4482. □

proportion of retailers reporting sales increases in November is up over August, there is still some question as to whether the level of inventories is too high. Some panel members comments suggest a general desire to stabilize inventories.

This report is based on the responses of panel members in manufacturing and retailing companies from throughout the state. The quarterly survey is conducted by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor Roger B. Upson. □

Faculty Activities

In addition to regular day-extension teaching, student advising and counseling, college committee service, research and consulting, examples of some recent faculty activities are listed below which contribute to and promote interaction between business, government, professional organization and the college faculty. Such activities are continuous with all faculty involved at different levels at different times and demonstrate an overall, on-going commitment to the wider community.

Blaine Cooke, Kappel Professor of Business-Government Relations, and **James Rakowski**, Assistant Professor of Transportation, were the Minnesotans selected to attend the University of California conference on "Major Issues of the Business Role in Modern Society." CBA was the only institution to have two representatives at this conference. **Blaine Cooke** was an invitee of the Bemis Company to the 1976 Lake Itasca Seminar which discussed "The Future of the Free Enterprise System" with leaders from business, labor, government, education, religion and community organizations. **Paul Jessup**, Professor of Finance, has been named editor of the *Journal of the Midwest Finance Association*. **Roger Schroeder**, Professor of Management Science, was appointed to a two-year term to the Editorial Advisory Board of



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

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the Association for Institutional Research. **Cy Smythe**, Associate Professor of Industrial Relations, was invited by the International City Management Assn. to give a presentation of Minnesota/Twin City Multi-Employer public sector collective bargaining experiments and practices in Toronto. **Roger Stover**, Assistant Professor of Finance, presented a paper at the European Finance Assn. meeting in Brussels in September. **Orville Walker**, Professor of Marketing, presented a paper entitled "Measuring and Improving Salesmen's Motivation and Performance" at the American Marketing Assn. 59th International Marketing Conference. **Mahmood Zaidi**, Professor of Industrial Relations, presented a paper dealing with the economics of the health care industry at the Aspen Biosciences Seminar. **Ross Azevedo**, Assistant Professor of Industrial Relations, organized and presented the conference "Improving Productivity in Your Organization" at the national conference with attendees from as far as Washington State. He also presented a paper, "American Manpower Policy—No Port in Any Storm" to the President and Research Department of the Federal Reserve Bank. **Norman Chervany**, Professor of Management Science, served as a representative of the Minnesota Energy Agency at a conference on NEEMIS (New England Energy Management Information System) at MIT, assessing what NEEMIS is doing and what might be transferable to Minnesota. **Fred Beier**, Associate Professor of Transportation, moderated a panel on Locks and Dam 26 for the local Chapter of the American Society of Traffic and Transportation. **Gordon Everest**, Associate Professor of Management Science, delivered a paper to the Fifth Annual Texas Computing Conference entitled "Basic Data Structure Models Explained." **Andrew Whitman**, Professor of Insurance, participated in a hearing of the Metropolitan Health Board, consulted with State Insurance Division members developing a jointly-sponsored research project on a portion of the Minnesota Comprehensive Health Insurance Act of 1976, reviewed with representatives of the Minnesota Assn. of Life Underwriters and the Independent

Agents Assn. insurance bills introduced during the 1976 legislative session, reviewed medical malpractice insurance problems and solutions with representatives of the People's Health Clinic. **Jack Gray**, Professor of Accounting, has just had the French edition of his book, *Accounting and Management Action*, published by Masson Cie.

Sabbatical Report

During this past year, Associate Professor of Industrial Relations **Martin Duffy** acted as consultant and director of a National Endowment for the Humanities Grant developed by the Center for Labor Education and Research (CLEAR) at the

University of Kentucky for the purpose of creating a written and audiovisual account of Kentucky labor. He also served as Labor Education Specialist while at CLEAR.

The next six months of Professor Duffy's sabbatical were spent in Minnesota preparing for his new position as Director of Materials and Audio Visual Production in the Labor Education Service of the Industrial Relations Center. In the future, Duffy expects to allocate a major portion of his time to development of audiovisual training instruments for members of the Minnesota labor movement and the Industrial Relations Department. □

Job Placements Up Slightly

Over seventy-five percent (418) of the 1976 graduates registered with the College Placement Office actively looking for jobs (533) had found them by August 31 when the Annual Placement Office report was prepared. Since then another fifty-nine have found jobs.

Salary offers for BSB Regular graduates were up 6% while BSB Accounting salary offers increased only 2%. MBA salary offers increased 5% over 1974-75 while MA-IR salary offers decreased 7%. Apparently a leveling off occurred since MA-IR salary offers last year increased 11.3% while MBA offers increased only 2%: in addition there was a reversal in the ratio of MA-IR offers out of state where the salaries are higher.

The MBA salary average was \$1196 in state, \$1278 out of state; the MA-IR average was \$1142 in state and \$1286 out of state. The BSB Regular salary average was \$831 in state and \$922 out of state; the BSB Accounting salary average was \$950 in state and \$943 out of state.

Of the graduates accepting offers, 73% of the MBAs and 65% of the MA-IRs were employed in Minnesota; 79% of the BSB Regulars and 90% of the BSB Accounting graduates remained in the state.

Although the number of companies decreased and the number of visits also decreased slightly, the number of offers increased which was fortunate since the number of graduates also increased. What started as a slow college recruiting season, finished with a rush and ended the season ahead of 1974-75, according to final figures compiled by the College Placement Council for the 1975-76 Salary Survey. Jan Windmeier, CBA Placement Director, said although in many cases it took awhile to find a position, most students who actively looked did find college level jobs.

Copies of the complete Annual Placement Report may be obtained by calling the Placement Office, 373-4174. □

Alumni to hear about Chinese Industry on January 19

"Chinese Industry Under Mao" will be the topic of Professor Robert Holloway's Alumni Lecture on January 19 at the Northstar Inn, the twelfth under the College of Business Alumni sponsorship.

In his talk, Professor Holloway will review industrial development in old China, development during Mao's time—1949-76, the industrial apparatus, managing the factory, the workers, working conditions, pay, living, retirement, etc., environmental concerns and questions about the future.

Holloway was one of seven University faculty members who visited China during late July and August, 1976. Besides the seven faculty, four of whom had visited the USSR in 1958 and 1968, two Minnesota businessmen made the trip which was sponsored by the Northwest Foundation. They spent three weeks inside the Peoples Republic of China, visiting twelve factories plus educational institutions. They entered the PRC near Shum-chun (near Canton) and travelled to Shanghai, Nanking, Wusih, and Soochow.

A member of the College of Business Marketing faculty since 1950, Holloway received his MBA and Ph.D. degrees from Stanford University. He has been active in the American Marketing Association, serving as vice president and president from 1966-68, and has been a member of the National Advisory Marketing Committee of the U.S. Department of Commerce since 1967. Author of books, monographs, and articles in professional journals, consultant to national and international firms, recipient of two Ford Foundations grants, Professor Holloway received the Outstanding Educator Award in 1971.

Reservations for the January 19 luncheon and talk on China may be made by calling the College Director of Alumni Relations, Jan Windmeier at 373-4174. □

Alumni Urged to Mix Business and Science

Success and failure in computer science in business was the topic of the October Quarterly Alumni Lecture by Professor Norman Chervany.

Chervany discussed why management science has such an uneven track record, why there have been some important successes and some dramatic failures in the utilization of statistics, mathematics and computers in modern management. He identified the valuable role management science can and must play in management and indicated the pitfalls that must be avoided if management science is to be a contributing part of management.

Professor Chervany is well qualified to analyze and prescribe on this subject. His MBA and Ph.D. degrees from Indiana University were in Quantitative Business Analysis and his doctoral thesis: "A Simulation Analysis of Cash Flow Patterns Within a Manufacturing Organization." Besides teaching in this area since coming to the University in 1967, he has done research, written and consulted on the subject. For several years he has served as the senior faculty advisor for the Quantitative Analysis Approaches to Administrative Problems course which provides the student with live exposure to actual business problems and the opportunity to propose solutions to them.

Copies of Chervany's remarks may be obtained by calling 373-4482 or writing the Research Division. □



Professor Norman Chervany at October 6, 1976 Quarterly Alumni Luncheon

REPRINT SERIES

"Differential Files: Their Application to the Maintenance of Large Databases"

by Dennis G. Severance and Guy M. Lohman reprinted from *ACM Transactions on Database Systems*, Vol. 1, No. 3, Sept. 1976.

This paper describes a differential database representation which is shown to be an efficient method for storing large and volatile databases. The technique confines databases modifications to a relatively small area of physical storage and as a result offers two significant operational advantages. First, because the 'reference point' for the database is inherently static, it can be simply and efficiently stored. Second, since all modifications to the database are physically localized, the process of backup and the process of recovery are relatively fast and inexpensive.

"Aggregating Expert Opinion in Decision-Making" by Raymond E. Willis, reprinted from *Decision Sciences*, Vol. 7, No. 2, April 1976.

In using nominal groups for decision making, it is necessary to use some mechanical procedure for combining the evaluations. A simulation model is used to compare procedures for the case where a nominal group of m evaluators must select the best of n alternatives and where the evaluations are subject to random errors. Criteria are the probability of making a correct selection and the relative quality of the choice.

"Women in Management: The Fallacy of the Trait Approach" by Linda Putnam and J. Stephen Heinen reprinted from *MSU Business Topics*, Summer 1976.

Legal and social pressures to increase the number of women executives in the United States have resulted in the publication of a wide array of books and articles addressing the issue of sex stereotypes and effective management. Many of the authors provide women managers with advice on personal attributes necessary for successful female leadership. This advice, however, is predicated upon sex-linked stereotypes of effective and ineffective leadership and is likely to lead to confusion and heightened anxiety for many women.

Faculty news -to column 16

Faculty news-from column 15

In some cases, it may even be poor advice because of the problems connected with the model of leadership upon which it is based. The leadership model referred to is the *trait theory model*.

In this article the authors illustrate how the trait theory has been applied to women managers, point out how continued adherence to this approach will slow down the development of effective women managers, and briefly, describe a more comprehensive model of leadership behavior.

WORKING PAPER SERIES

"Short Selling and the Composition of Optimal Portfolios" by Gordon Alexander, *Working Paper 33*, October 1976.

The composition of the minimum variance zero beta portfolio and the tangent portfolio were derived and examined using a sample consisting of nineteen security class indices. Black's short selling methodology was employed. Results indicated that both of these portfolios were nonstationary, and the returns on the market portfolio, zero beta portfolio and risk-free asset assumed their proper relative magnitudes.

Single copies of the Reprints and Working Papers are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, Minneapolis, Minn. 55455. □

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