

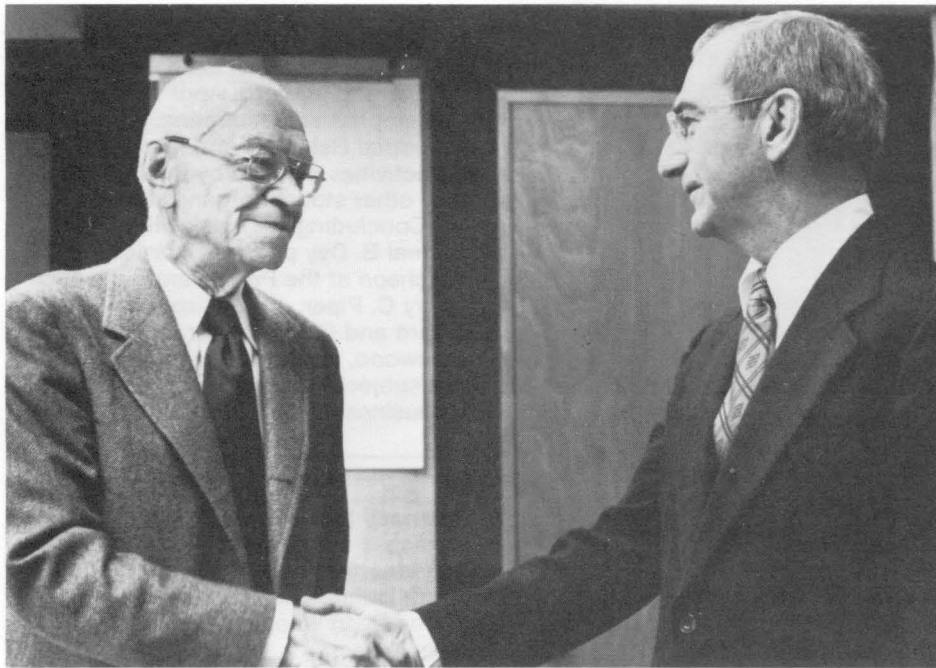


**business
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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Minnegasco-Paul R. Doelz Faculty Enrichment Award Given to College



Paul R. Doelz '21 BBA and Dean C. Arthur Williams, January 1977

In January Minnegasco announced that it was establishing at the College of Business Administration the Minnegasco/Paul R. Doelz Faculty Enrichment Award. Mr. Doelz is the retiring chairman of the Board, a 1921 CBA graduate, and one of the Twin Cities leading business executives.

The purpose of the award is to create a working interface between the College of Business Administration and the business community by providing one faculty member each year with a five-week summer appointment during which the faculty member will be associated with a Minnesota business corporation. The purpose of the interface may be to gather information and experience

that will be useful in the classroom, to generate research ideas or conduct a research project, or to discover new ways in which the College can be of service to the community. A selected list of corporations, located primarily in the Twin Cities, will be invited to participate in the program. One will be Minnegasco.

During the five-week appointment the faculty members salary will be paid by the award. At the end of their appointment, faculty members receiving the award will report on the activities in which they engaged and how they, the College, and the business benefited from this working

Minnegasco-to column 6

Minnesota Business Conditions Survey— Current Conditions Weaken in Minnesota

Manufacturer and retailer responses to the February 1977 survey indicate a softening demand for Minnesota output and merchandise. This softening was anticipated in the November 1976 survey as new orders declined and buying policies shortened.

On balance, retail sales are down considerably from last quarter and are only slightly ahead of last year's levels. Many retailers blame January's cold temperatures for shifting consumers' discretionary dollars into unanticipated heating bills. In spite of the sales declines, retailers are generally avoiding high inventory costs, because inventory levels are also down compared to a year ago.

Manufacturers' new orders declined substantially, but their inventories increased. Continuation of these trends could lead to future cuts in production. However, at the present

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Professor Robert J. Holloway at Quarterly Alumni Luncheon Lecture, January 19, 1977

Alumni Learn About China

China under Mao was the topic of Robert J. Holloway's address to the twelfth Quarterly Alumni Lecture on January 19 at the Northstar Inn.

Holloway, Professor of Marketing, visited China with seven other University faculty members and two businessmen last summer in a trip sponsored by the Northwest Foundation. His talk included Chinese history and background, an overview of Chinese society under Mao, industry and agriculture and foreign trade.

Professor Holloway said he thinks, "China has progressed a long ways since the days of their revolution: the people have jobs, food and housing. Compared to their parents, their lives

are excellent now. Compared to our standard of living, the people have a long, long way to go. But there is an enormous potential in China. She has a large population, lots of natural resources and a human drive for advancement."

Holloway's speech is available at no charge upon request to the Research Division of the College.

The next Quarterly Alumni Lecture will be May 9 at the Northstar Inn with Professor L.L. Waters of the Transportation Department of the College of Business, Indiana University. □

Students Plan Business Week

Students of the College of Business are now planning their annual Business Week for April 15-22, starting with Computer Day on the 15th.

Computer Day will consist of a two-tiered computer game competition in which teams of college students from the five-state area colleges will compete against each other and University of Minnesota student teams will compete against each other.

Starting Monday, April 18 B. Week will emphasize Accounting, Finance, Industrial Relations and Marketing in its activities planned by the B. Board and other student organizations.

Concluding the week will be the annual B. Day panel discussions and luncheon at the Prom Center at which Harry C. Piper, Jr., Chairman of the Board and CEO of Piper, Jaffray and Hopwood, will be the keynote speaker. His subject will be social responsibility of business. □

Minnegasco—from column 2

interface between the College, and the business community. This report, together with a commentary from the participating corporation, will be sent to the Dean who will forward it to Minnegasco.

Minnegasco has committed itself to continuing the award for three years with intent to continue the award indefinitely subject to an evaluation of the program at the end of each three years.

In announcing the award and inviting faculty applications for this summer's award, Dean Williams said. "We deeply appreciate Minnegasco's decision to initiate and support this program and the opportunity it provides for faculty enrichment. Through this program we should be able to improve greatly our relationships with the Minnesota business community. □

Alumni Board Picks Officers

James R. Brandt, '60BSB, Partner, Arthur Andersen & Co., was elected president of the College of Business Administration Alumni Association at the December Board meeting. Richard D. Thorsen, '49BBA, Anderson, Lieser and Thorsen, was named vice president; Pamela Nichols (Lind), '67BBS, Corporate Staff Personnel Manager, Dayton-Hudson,—2nd vice president; and Burnell L. Larson, '50BBA, Partner, Haskins & Sells,—secretary-Treasurer.

Other members of the board are: Carol Berndt (Larson), '69BSB; Edward Landes, '41BBA, Regional Education Manager, IBM Corporation; James H. Grenell, '47BBA, Vice President & Controller, Honeywell, Inc.; Ronald A. Everson, '51BBA, Vice President, Piper, Jaffray & Hopwood; James R. Campbell, '64BSB, Senior Vice President, Northwestern National Bank; James O. Cox, '50BBA, Treasurer, Northern States Power Co.; Willis Dombrowske, '64 MBA, Vice President, Finance, Deltak Corporation; Richard K. Ottem, '58BBA, Director, Human Resources, Economics Laboratory, Inc.

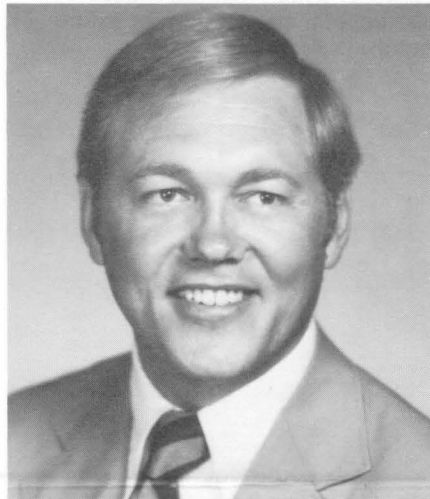
The Board also approved alumni activity plans for the year at the December meeting as follows:

- February 23
Alumni Board-Student Leader Luncheon—Alumni Club
- March 17
Alumni Board Meeting—Alumni Club
- April 6
Alumni Board-Faculty Meeting—Alumni Club
- April 21
Business Day—Prom Center
- May 9
Quarterly Luncheon—Northstar Inn
- May 19
Alumni Board Meeting—Alumni Club
- June 15
Century Council Luncheon—Alumni Club
- July 14
Alumni Board Meeting—Alumni Club
- July 6
Quarterly Luncheon—

- September 15
Alumni Board Meeting—Alumni Club
- October 26
Quarterly Luncheon—
- November 2
24th Annual Institute— Radisson South □

Message from the President

As the new President of the College of Business Administration's Alumni Association Board of Directors, I welcome this opportunity to share with you some of our plans for this year's activities and to invite you to become members of the CBA Alumni



**Jim Brandt CBA Alumni Association
President, 1977**

Association if you have not already joined. Our association is working on creating opportunities for more student, faculty and business community interaction. This benefits all involved through the exchange of ideas and dissemination of information.

Alumni News-to column 10

Survey-from column 3

time 38 percent of manufacturers report production gains and 27 percent report lower production.

Adjustment Period Ahead

Consumer demand can be expected to pick up through the spring and retailers should again increase inventories and employment. However, materials purchases by manufacturers are likely to be mixed, as some firms are probably overstocked. The decline in new orders and the continued reduction in buying policies for manufacturers' capital equipment are indicative of a slower growth rate in the future.

This report is based on the responses of 75 of 145 panel members in manufacturing and retailing companies throughout the state. It is prepared by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor Roger B. Upson.

Copies of the full report are available upon request to the Research Division, College of Business Administration. □



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

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Alumni News—from column 8

Continuing programs for this year will include the Quarterly Luncheon Series, our involvement in B-Day on April 21 at the Prom Center, The Alumni Board-Faculty meeting and the Alumni Board-Student Leader Luncheon, the Century Council Luncheon on June 15 and the 24th Annual Institute on November 2.

Through the Alumni Association we are able to continue our involvement with the Business College and have an opportunity for continuing or developing closer relationships with the faculty.

New ideas developing include student visits to companies to discuss business planning philosophies. We also want to be more involved in offering greater support of time and money to assist the college in meeting its objectives. We want to make being a graduate of the University of Minnesota College of Business Administration, a source of greater pride to its current and future alumni.

We would like your ideas and suggestions for improving our service to you. Please direct them to me at 801 Nicollet Mall, Suite 1200, Minneapolis 55402. □

Jim Brandt, CBA Alumni President

Dean Attends Moorhead-Fargo Alumni Meeting

Dean Williams joined Vincent Bilotta, University Alumni Director, and John Whaley, University Foundation Development Officer, in a visit to the Moorhead-Fargo Alumni Chapter on February 10. David Carlsen, College of Business graduate, is the outgoing president and David Hummi the new president of the chapter. Dean Williams addressed the meeting and brought area alumni up to date on the College of Business programs and activities. □

During the last several months the faculty has been meeting its community and professional organization responsibilities in some of the following ways:

Blaine Cooke was elected by the Trustees of the Institute of Certified Travel Agents to serve on the Institute's Academic Council for the year 1977; *Jack Flagler* chaired a panel at the National Conference on Labor Studies attended by national union education directors, community college and university labor educators; *Bob Holloway* has given reports on his recent trip to China to radio, television and organizations fulfilling one of the requirements of the Northwest Foundation whose grant funded the trip; *Bill Rudelius* organized and moderated a panel discussion for the Twin Cities chapter of TIMS-ORSA ON "Applications of Quantitative Methods in Marketing"; *Lillian Werner* attended the 66th Annual Convention of the National Retail Merchants Association in New York; *Dean C. A. Williams, Jr.*, spoke to the Minnesota Senate Employment Committee on "Workers' Compensation—A No-Fault Approach to Industrial Injuries"; *Paul V. Grambsch* was reappointed Chairman of the Board of Directors of the Federal Home Loan Bank of Des Moines (8th District) for 1977. *Steve Heinen* participated in a "Scanlon Plan Exploratory Conference" in Michigan; *Patrick Pinto* addressed the Dallas Personnel Association on "Fair Employment Practices and Affirmative Action—There is a Difference!"; *Roger Stover* directed a seminar on replacement cost accounting's impact on security analysis for the Twin Cities Society of Security Analysts □

REPRINT SERIES

"Cost-Benefit Analysis: A Primer For Social Marketers" by Robert Dwyer, Jr., *Center for Experimental Studies in Business*, No. 18, July 1976.

The broadened scope of marketing requires utilization of performance measures more complicated than dollar sales and profits. The principles of cost-benefit analysis are presented in this paper in a simplified review and hypothetical case study in the expectation of their increased application in social marketing problems.

The author concludes, "Although far from a panacea, cost-benefit analysis is a workable, useful alternative to management "gut feel" in the social marketing context."

"Stoneware...Calculators...and Mercedes Sport Coupes—on the Effectiveness of Bank Premiums" by F. Robert Dwyer, Jr., Robert H. Preston and William Rudelius, *Center for Experimental Studies in Business*, No. 19, January 1977.

Bank officers often view the use of premium give-aways for banking promotions as they do using catsup on french fries—enough "respectable" people do it that maybe it is worth trying. Yet the success of such premiums is still the subject of much speculation and little hard, published data.

This paper furnishes data to attempt to answer the speculation on how well premiums meet objectives such as attracting and retaining new consumer savings and checking accounts. Two measures of the effectiveness of attracting such accounts with and without premiums are used in the paper: whether the new accounts were still open after six months and the change in their dollar balances.

The primary conclusions of the study are: 1) new demand deposits opened by bank customers receiving a premium perform as well for the bank during the six months following their opening as those deposits not attracted by such a premium and 2) new time deposits opened during

premium programs, although showing significantly lower retention rates, perform as well as non-premium attracted accounts when evaluated in terms of changes in six-month balances. Also, with time deposits two other key factors are pertinent: 1) initial deposit balances are similar to those obtained without premiums and 2) the number of new accounts opened during premium periods is much greater than in periods when no premium is offered.

“Basic Data Structure Models Explained with a Common Example” by Gordon C. Everest, reprinted from *Computing Systems 1976*, Proceedings Fifth Texas Conference on Computing Systems, October 1976.

Several discussions of data structure models have appeared in the literature in the past few years. This paper presents a taxonomy of *basic* data structures which cuts through and omits the secondary differences to highlight the most important logical differences. First, all data structure models are divided into single file models and multifile models. A file is a collection of data about a set or class of entities which possess some common characteristics. The notions of entity, attribute, domain, value, and identification relate to important characteristics of a file. Single file models further divide into flat file data structures and hierarchical data structure models. Multifile data structure models are divided into coordinated files, network, relational, and binary data structure models. The essential characteristics of each of these six basic data structure models are described and each is exemplified using a common example containing personnel and organizational data.

“Mathematical Techniques for Efficient Record Segmentation in Large Shared Databases” by Mark J. Eisner and Dennis G. Severance, reprinted from *The Journal of the Association for Computing Machinery*, Vol. 23, No. 4, October 1976.

It is possible to significantly reduce the average cost of information retrieval from a large shared database by partitioning data items stored within each record into a primary and a secondary record segment. An

analytic model, based upon knowledge of data item lengths, transportation costs, and retrieval patterns, is developed to assist an analyst with this assignment problem.

The model is generally applicable to environments in which a database resides in secondary storage, and is useful for both uniprogramming and multiprogramming systems. A computationally tractable record design algorithm has been implemented as a Fortran program and applied to numerous problems. Realistic examples are presented which demonstrate a potential for reducing total system cost by more than 65 percent.

“The Effective Use of Management Science in University Administration” by Roger G. Schroeder and Carl R. Adams, reprinted from *Review of Educational Research*, Winter 1976, Vol. 46, No. 1.

It has been said that higher education is entering an era of crises; an economic crisis due to dwindling enrollments and rising costs, a crisis of public confidence, and a crisis of student disenchantment, all of which make educational institutions more difficult to manage and call for improved management methods and procedures, a number of which fall within the purview of management science.

The authors have found that most college administrators want to make use of management science techniques to assist them in operating their organizations, however, they seem to lack a systematic method for approaching their specific organizations in order to decide which areas of application and what techniques should be introduced.

The objective of this paper is to provide academic administrators and researchers with: a) a critical review of available tools; b) a structure for considering possible analytical projects to be undertaken; and c) the steps that should be taken by administrators to ensure proper organization, planning, and control of management science efforts.

“The Derivation of Efficient Sets” by Gordon J. Alexander, reprinted from the *Journal of Financial and*

Quantitative Analysis, December 1976.

In 1952, Harry Markowitz described a theory on the selection of assets in forming a portfolio. Assuming asset returns are stochastic, his theory postulated that rational investors should select a portfolio from the set of all portfolios which offered minimum risk (measured by variance) for varying levels of expected return. This set was named the efficient set.

Markowitz derived an algorithm for determining the efficient set, called the critical line method. While this algorithm has the advantage of producing the exact solution for the entire efficient set, experience has shown it to be an expensive algorithm for use on large-scale problems. This paper presents an algorithmic alternative to the Markowitz critical line method that has superior computational properties.

“Authority-Task Problems” by Mary E. Lippit and Kenneth D. Mackenzie, reprinted from *Administrative Science Quarterly*, Vol. 21, December 1976.

Authority-task problems are organizational problems created by inconsistencies between the task process system and both the authority system and the formal hierarchy of offices. Building upon a new theory of group structures, a theory is developed for solving authority-task problems. The theory is used to develop a model that predicts how an administrator responds to an authority-task problem.

This theory and model was used in a field study of administrators at a large university. The administrators' choices of strategies for resolving the authority-task problems presented to them were consistent with the predictions of the theory.

“Games Corporations Play” by Thomas R. Hoffmann, reprinted from *Audio-Visual Communications*, January 1977.

Increasing attention is being given to education in industry and the interaction between universities and

corporations. One expression of this is the use of business simulations developed by professional educators and used by companies wanting to train their employees in management skills.

This article discusses experiences in using a management simulation exercise developed for collegiate use and employed as part of corporate long range planning education and development. Specific examples from two firms, one a U. S. domestic firm and the other an international firm, are presented. The simulation itself is unique in possessing programmed, standard competition and a Par Player against whose performance an individual or team can be measured. Although complex simulations may be useful in teaching detailed decision making, the relatively simple game described has been shown very effective for the attitude change which is a prerequisite to effective planning.

"Measurement of Beliefs" by

Rogee A. Buchholz, reprinted from *Human Relations* Vol. 29, No. 12, 1976.

This study assesses two different approaches to measuring beliefs about work as a human activity. The first approach is a whole system approach that asks for a response to five different concepts of work expressed in paragraphs on a questionnaire. The second approach involves responses to individual belief statements that are then factor analyzed to form the same five dimensions expressed in the paragraphs.

The computation of results shows a significant difference in scores between the two methods of measuring beliefs, thus making the question of which method measures "true" belief a crucial one for future research.

"A Model of Task Group Development in Complex Organizations and a Strategy of Implementation" by J. Stephen Heinen and Eugene Jacobson, reprinted from *Academy of Management Review*, October 1976.

The purposes of this article are to examine the literature on groups that emphasizes group growth and to present a developmental model of group process for the organizational task group.

An intervention strategy for development of an industrial work group is proposed from a four stage model of group development. The group is distinguished from therapy and sensitivity groups in terms of its structure rather than affective relations. The four stages are: forming, differentiation, integration, and full maturity. Constraining factors are considered.

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



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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

Business Ethics Topic of Annual B. Day



Professor Glen Berryman, CBA, Jim Brandt, Alumni Association President

Business Day, concluding another annual Business Week, heard an audiovisual discussion of business ethics at its annual luncheon. The presentation, filmed at the Minikahda Club during a Piper, Jaffray and Hopwood sponsored discussion of business ethics, was chaired by nationally known economist, Louis Ruykeyser, and had prominent Twin City businessmen and a theologian as panel members.

Dr. Thomas C. Campbell, professor of theology and culture and academic vice president of United Theological Seminary of the Twin Cities, the theologian, substituted for Harry Piper, Jr., the scheduled speaker, in commenting on the panel discussion.

B. Day began with group discussions by Twin City area business representatives and College of Business Administration students. The discussions ranged from company affirmative action policies to interviewing skills and career opportunities, to the types of jobs and extra-curricular activities in which companies like to see students involved.

B. Day—to column 4

Minnesota Business Conditions Survey—Business Surge Reported

Manufacturer and retailer responses to the May 1977 survey bear evidence of a strong rebound from the winter-plagued first three months of the year. On balance, manufacturers reported the largest quarter-to-quarter production gains since May 1974. Only 8 percent report declines in output.

In retailing, the upward thrust was less dramatic, but nevertheless evident. Almost 60 percent report sales rates ahead of last year's pace. Also, only 15 percent indicate sales this

quarter below year ago levels. By contrast, in March nearly a third of Minnesota retailers reported sales below the prior year's level.

As we have come to expect in the second quarter, most Minnesota employment gains came in the manufacturing sector. Forty-six percent of manufacturers report payroll increases. While retailing has seldom engaged in substantial hiring at this time of year, some retailers commented that they were holding the line on employment in anticipation of the new Minnesota minimum wage law.

Business Conditions—to column 12

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B. Day—from column 3

The luncheon, sponsored by area businesses, followed the group discussions, and was attended by sponsoring company officials, CBA students, faculty and staff. Awards were made for Recruiter of the Year, to **Jim Fraser**, American Hospital Supply Company, and Outstanding Teacher of the Year, to **Professor R. Glen Berryman**. The Recruiter of the Year is selected by graduating business students who interview for jobs through the College Placement Office.

The Outstanding Teacher Award is sponsored by the College Alumni Board; selection is made by the Business Board, composed of CBA students. Professor Berryman, who has taught at Minnesota since 1958, has received Accounting Faculty Member of the Year Awards for 1973, '74, '76, and an all-University award in

1968 sponsored by the Horace T. Morse-Amoco Foundation in recognition of his outstanding contributions to undergraduate education. In addition to being an award winning teacher, Berryman is active in professional accounting affairs, is the author of books and professional journal articles in accounting, serves on the editorial board of *Accounting Review*, and consults with among others the US Environmental Protection Agency.

Business Week, sponsored by the Business Board and other student organizations, began on Friday, April 15 with Computer Day to which other colleges were invited to participate in the annual computer games. Every day special events were scheduled with invited experts in various business subjects. Mike Vanderheyden is the current president of the B. Board; George Kayser was responsible for the B. Day program. □



Jan Windmeier, CBA Placement Director, Jim Fraser, American Hospital Supply Company

Williams Resigns

C. Arthur Williams, Jr., Dean since 1972, has resigned effective June 30, 1978, or earlier if a replacement is found.

In announcing his resignation to the faculty on April 4, Dean Williams said, "This is the seventh year I have served in the Dean's Office, one as Acting Dean, one as Associate Dean, and five as Dean. It has never been my intention to serve beyond my present term which ends June 30, 1979."

Williams said that he felt it was in the best interest of the College that a search for his successor be started as soon as possible in view of an impending College reorganization and an AACSB revisitiation scheduled for 1979-80. "My personal professional career and interests will also be best served by this change. In addition to my seven years in administration in the Dean's Office, I was for six years Chairman of the Finance and

Insurance Department." Dean Williams is looking forward, he said, to be relieved of administration duties and to return to full-time teaching in risk management and insurance.

A search committee, to be named by Vice President Henry Koffler and appointed by the President, will seek a replacement.

J. Don Edwards, Williams' immediate predecessor, served as dean one year before accepting a position at the University of Georgia as Distinguished Professor of Accounting. Williams served as Associate Dean to Edwards and as Acting Dean during 1970-71.

During Williams' tenure as Dean, both enrollments and faculty increased. Undergraduate student enrollments rose from 1166 in 1972 to 1537 this year despite a tightening of admission requirements. Graduate students increased from 552 to 710. The number of fulltime faculty increased from 61 to 71, despite several years of retrenchment at the University in general in the early 1970's. The College's service to the community increased substantially during this time, with activities as diverse as the Minnesota Executive

Program, the Alumni sponsored quarterly lecture series, and a large volume of extension offerings. The College faculty also continued to maintain a substantial level of research output, and won an increasing number and volume of grants from research sponsoring institutions and agencies. In the rest of his term, Williams hopes to see some action on his proposed reorganization plan for the College, together with the development of a revised MBA degree. □



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C.A. Williams, Jr., Dean
Mary Louise Hill, Editor
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Management Information Systems Quarterly

A new Journal

Management Information Systems Quarterly, a joint publication of the Society for Management Information Systems and The Management Information Systems Research Center of the College of Business Administration, published its initial issue in March. Gary W. Dickson, Professor of Management Sciences and Director of the MIS Research Center, is Senior Editor.

Dickson says the *MIS Quarterly* is attempting to break new ground in the information systems field by providing a journal which will be useful for the practitioner and at the same time appeal to those interested in theory and research. He hopes that material in the Application section will be read by the academicians and that the practitioners will find useful information in articles in the Theory and Research section. Featured interviews with Chief Executive

Officers, Dickson expects, will appeal to all the journal's readers.

The major goals are to be managerially oriented and to offer something of benefit to the practitioner; to provide a vehicle for the researchers working in the information systems field, to communicate with each other and with practitioners.

In the first issue, are three articles in the Application Section and two in the Theory and Research Section. Two of the application articles are written by practitioners and one by an academician. The MIS Research Center of the College is the source of an article showing how personality factors and information systems characteristics affect user decision behavior. The concluding article comes from another research center, the IBM Research Laboratory in San Jose. This article examines user

reaction to what is probably the most advanced operational decision support system.

The Society for Management Information Systems serves its members through two publications the *Members' Forum*, a periodic newsletter, and the *MIS Quarterly*, a collaborative effort of the Society and the MIS Research Center of the College of Business Administration. Membership Fees of SMIS of \$45.00 include the subscription to the *MIS Quarterly*. Non-membership subscription is \$25.00; Single copies and back issues, \$8.00. Applications for SMIS membership must be addressed to the Society for Management Information Systems, 10 West 31st Street, Chicago, Il. 60616. Subscriptions and editorial correspondence should be addressed to the *MIS Quarterly* Editorial Office, MISRC, 269 19th Ave. So., Minneapolis, Mn. 55455. □

Accounting student receives research grant

Horton Sorkin, Ph.D. student of Accounting in the Graduate School of Business Administration, has been awarded a research grant of \$10,000 by Peat, Marwick, Mitchell Foundation to study "Reliability of Confirmations." Richard H. Massopust, Managing Partner of the Minneapolis Office of Peat, Marwick, Mitchell presented Mr. Sorkin with the grant as part of the Peat, Marwick, Mitchell & Company Foundation allocation of \$1 million to support greater academic involvement in audit research.

Mr. Sorkin was one of two Ph.D. students to receive grants out of nineteen individuals to receive the twelve awards made in the first submission period of its \$1 million program.

Sorkin will study a proposal to modify the confirmation notice so that the probability of erroneous accounts

being detected is increased. This improvement is accomplished by restricting the respondent's ability to approve a confirmation request with an erroneous account balance. If the respondent's behavior is changed by the modification, even more improvement in confirmation reliability can be expected.

The benefits to the audited organization are three fold. First, the reliability of the audit procedure is enhanced. Secondly, the increased reliability might allow a decrease in the sample size required for an audit, and therefore decrease audit costs. Thirdly, with each confirmation effort a Type II bound for detection reliability can be directly estimated.

Sorkin has been a recipient of the Corporate Associate Fellowship for the past two years while working for his Ph.D. which he expects to complete by this summer. □



Richard H. Massopust, Managing Partner, Minneapolis Office of Peat, Marwick, Mitchell presented grant to Horton Sorkin



Seated LF—Jan Spring, Sue Chadwick, Cindy Johnson
Standing—Dean C. Arthur Williams, Jr.

The Energy Crisis in Minnesota

How did Minnesotans respond to this winter's energy crisis created by record low temperatures coupled with basic heating fuel shortages? Three Graduate School of Business Administration students conducted a study to determine public opinion on several critical issues related to the energy crisis.

Cindy Johnson, Sue Chadwick and Jan Spring designed the study and analyzed the results under the direction of Marketing Professor William Rudelius. Mid-Continent Surveys, Inc. did the sampling selection and interviewed a representative cross-section of 1,000 Minnesotans age 18 and older between February 3-21.

The intent of the research was to determine if Minnesotans had voluntarily lowered their thermostats in accordance with stated public policy objectives, to determine the direction and intensity of public opinion towards a shortened school week as one alternative means to save energy, and to determine a public performance rating of Governor Perpich's management of the energy crisis.

Cindy Johnson, whose undergraduate degree was from the University of Nebraska, said that they

found that three-quarters of the respondents felt that Minnesotans were complying with Governor Perpich's request to lower home thermostats. Middle aged, more highly educated and upper income respondents were more likely to believe that Minnesotans had lowered home thermostats.

Jan Spring, with an undergraduate business degree from Minnesota, who analyzed the four-day school week question, said that slightly less than half of the respondents (45%) opposed and 34% were in favor of schools cutting back to a four-day week as a means to save energy. Generally speaking, the more education respondents had received and the higher the income, the stronger the opposition to shortening the school week.

Three-fourths of Minnesotans felt that Governor Perpich was doing a good to excellent job in dealing with the energy crisis Sue Chadwick, who did her undergraduate work in art at Hamline, reported. Twin Cities area residents expressed slightly more favorable opinions than did out-state Minnesotans. Middle aged, more highly educated and upper income residents tended to have more favorable opinions.

Only one person in five was reluctant to take a stand for or against

the most controversial issue—the proposal to reduce institutional fuel consumption by cutting back the school week. Twin Cities residents were more polarized in their views and slightly more inclined to favor the reduction. While only 9% of either sex “strongly favored” a four-day school week, more men (30%) expressed a favorable opinion than women (23%). Those under 35 favored the measure more than any other age bracket.

The three women MBA students felt the state-wide survey was a good opportunity to test what they were learning in the course on probability methods and were pleased with the results and with the experience. □

Business Conditions—from column 2

Increasing inflation likely

Not since the summer of 1974 have more manufacturers reported price increases. Moreover, this is accompanied by a steadily increasing majority of retailers reporting price increases. This evidence of probable increased inflation is supported by an increase in the time between ordering and receipt of inventory by retailers.

No evidence of capital expenditure boom

Manufacturers are receiving capital equipment 95 days after placing their orders, compared to 155 days a year ago, and 220 days three years ago. Thus, there is no evidence of a tightening situation for capital equipment. However, 58 percent of manufacturers report increased new orders compared to three months ago, an indication that production and employment are likely to continue increasing into the summer months.

This report is based on the responses of 70 out of 145 panel members in manufacturing and retailing companies throughout the state. It is prepared by Mr. F. Robert Dwyer, Graduate Assistant, under the supervision of Professor Roger B. Upson.

Copies of the full report are available upon request to the Research Division, College of Business Administration. (612-373-4482) □

Corporate Associate Dinner Held

Corporate Associate Fellows and contributing companies again were feted at a dinner sponsored by the University Foundation in April at the Campus Club.

The annual event provides both the contributing companies and the recipients of their contributions the opportunity to meet each other and to hear from one of the students what the program means to them and to graduate study. This year Karen Hawley, Ph.D. Fellow in Business and who is President of the Organization of Graduate Students, spoke representing the students and expressed their appreciation for the program.

The Corporate Associate Program, which began in 1969 provides funds for graduate fellowships in Business Administration and in Engineering. Eighty-six business students have received awards totaling some \$295,000 since 1969. Of the eighty-six, fifty-nine were MBA students and twenty-seven were Ph.D.s.

The purpose of the program was to enable the two graduate schools, Business and IT, to attract a high quality graduate student and to improve generally the two graduate programs. Dean C. Arthur Williams of the Business School believes the program has more than lived up to expectations. He believes that the business executives who have had contacts with the Fellows would agree.

13th Quarterly Alumni Lecture Hears Transportation Expert

Alumni and friends of the College of Business Administration heard a transportation specialist describe the long-range effect of the energy shortage on industry as "the blessings of the Arab oil crisis and the cold winter of '76-'77 on the economic future of the United States" on May 9 at the 13th Quarterly Alumni Lecture.

L. L. Waters, Professor of Transportation and Business History, Graduate School of Business Indiana University, delivered his address to the alumni group as one in a series of "Honors Day" addresses at various universities as the Beta Gamma Sigma "Distinguished Business Scholar" of 1976-77.

Professor Waters received a B.S. degree from Central Missouri State, an A.M. from the University of Illinois, and a Ph.D. from the University of Illinois.

Prior to his teaching at the University of Indiana, he also had teaching assignments at the University of Kansas and the University of Illinois. Some of the works he authored are: *Steel Trails to Santa Fe*, *Use Taxes: Their Legal and Economic Background*, *Transportation in Indiana* (co-authored), and *Administering the Going Concern* (co-authored).

Some of the honors granted Professor Waters include: Excellence in Teaching awards from the University of Kansas and Indiana University; Transportation Man of the Year, Indiana; Distinguished Business Scholar; Distinguished Service Award in Transportation and Public Utilities; and Who's Who in America.

Copies of Professor Waters address may be obtained upon request to the Research Division at no charge.

The next Quarterly Alumni Lecture and luncheon will be on July 6 when Allen Solem, CBA Professor of Management, will speak on "The Manager's Dilemma: Quality vs Acceptance."

Alumni News—to column 16



Professor L. L. Waters

Alumni News—from column 15

Alumni in Capitol

On a recent visit to Washington, D.C., Professor Paul V. Grambsch learned that a rather large number of Minnesota College of Business graduates are employed by the General Accounting Office.

Among them are three MBA grads: Robert C. Carmichael, '71; John A. Wanska, '75; David L. Young, '73. BA or BS in Business grads are: Thomas G. Dowdal, '69; William J. Dowdal, '74; Donald S. Hallum, Jr., '76; Vernon L. Hill, '48; Mark J. Huber, '74; Orlaf B. Hylle, '49; Edsel R. Juntunen, '50; Donald L. Knutson, '59; Curtis W. McJunkin, '76; Kenneth A. Nelson, '51; Jerome P. Pederson, '57; Cynthia L. Smolik, '74; Wenzel S. Videen, '60; and Paul I. Wilson, '60. □

Continuing Business News

The five and a half week session of the Minnesota Executive Program was completed with a final graduating banquet at the end of February at the Radisson Inn in Plymouth. Twenty corporate officers, mostly from Minnesota based companies, received completion certificates and joined the ranks of the MEP Alumni group which now totals 120 corporate executives.

The triennial Chief Executive Seminar was held at Spring Hill Center in February. Nineteen people attended, seventeen of whom were Chief Executive Officers, either presidents or board chairmen for their respective companies.

Professor John Mauriel directs both programs. □

Minnegasco-Doelz Faculty Enrichment Award Made

John Walton, Assistant Professor of Marketing, has been selected as the first recipient of the Minnegasco-Paul R. Doelz Faculty Enrichment Award.

The award, established by Minnegasco in January, will support one faculty member's work during a five-week summer appointment with a local corporation. The purpose is to create a working interface between the College and the business community. The faculty member may gather information and experiences that will be useful in the classroom, generate research ideas or conduct a research project for the company, discover new ways in which the College can be of service to the community.

Walton will work with the Tennant Company on improving a model for predicting industrial product sales. Tennant has developed and utilizes a forecasting model which Walton hopes to refine further and to research procedures for periodic updating of the model. □

WORKING PAPER SERIES

"Operating Leverage as a Determinant of Systematic Risk" by James M. Gahlon, *Working Paper No. 34*, March 1977.

Since the development of the capital asset pricing model, a substantial number of studies have addressed the question of what factors determine the differences in systematic risk among firms. Many of these studies have demonstrated that the market-based estimate of systematic risk is empirically associated with certain financial variables.

The major objection to these and other studies of this type concerns the authors' arbitrary choices of variables for inclusion in their regressions. While most of the authors provide intuitive justifications for their variable selections, few first develop models that depict explicit theoretical relationships between financial variables and systematic risk. They present no theoretical models which indicate specifically which variables should affect systematic risk and what the appropriate functional form should be.

A suggestion has been made that such a theory might be constructed by focusing attention on the fundamentals of variability in the profitability of the firm: sales variability and its amplification by operating leverage and financial leverage. Given this suggestion, the purpose of this paper is to derive a theoretical equilibrium model which shows that sales variability and operating leverage are important differentiating factors among the systematic risk of common stocks. In particular, the model demonstrates that operating leverage affects systematic risk through the degree of operating leverage, a variable which is discussed in most business finance textbooks.

"Specification Uncertainty in Economic Forecasting and Control Models" by Christopher B. Barry and P. George Benson, *Working Paper No. 35*, Feb. 1977.

Economic forecasting and control models involve considerable uncertainty. They invariably contain residual uncertainty reflecting the fact that no economic model can fully account for all the factors which affect economic variables. In addition, the parameters of the models are typically unknown, although considerable information may be available concerning their values.

Forecasters have long been aware of these two sources of uncertainty and have reflected their existence in measures of risk associated with forecasts. The implications of parameter and residual uncertainty have also been studied in a control context. However, specification uncertainty—the possibility of alternative specifications of the same economic phenomena—has largely been ignored in developing forecasting models and measuring their resultant forecast risk, and in similar manner the implications of specification uncertainty for control solutions has not received attention.

In this paper, a Bayesian methodology is presented for the simultaneous consideration of a number of alternative models. The methodology leads to a distribution, called the multi-model predictive distribution, which both reflects the existence of specification uncertainty and utilizes information from all viable specifications.

REPRINT SERIES

“A Framework for the Development of Measurement Instruments for Evaluating the Introductory Statistics Course” by Norman L. Chervany, R. O. Collier, Jr., S.E. Fienberg, P. E. Johnson and John Neter, *The American Statistician*, Vol. 31, No. 1 Feb. 1977. (Reprint Series No. 156.)

This paper proposes a framework for the development of instruments to measure content learning and problem-solving skills for the introductory statistics course. This framework is based upon a model of the problem-solving process central to statistical reasoning. The framework defines and interrelates six measurement tasks: 1) subjective reports; 2) reports concerning truth,

falsity, or equivalence; 3) supply the appropriate missing information in a message; 4) answer a question based upon a specific message; 5) reproduce a message; and 6) carry out a procedure.

“Consumer Decisions: Task and Models” by John R. Walton and Clark Leavitt, *Center for Experimental Studies in Business*, Reprint Series 20, March 1977.

Consumer decision tasks differ from other types of decision tasks. Therefore, it behooves consumer researchers to consider these differences in developing their research strategies. However, an important caveat should be emphasized. While processing speed and response complexity have face validity as a parsimonious representation of decision tasks, other support is lacking. Moreover, even if these dimensions have adequate validity, there is no assurance of orthogonality. Therefore, models applied to specific tasks that are “close to” the consumer decision quadrant may be worthy of consideration. Decision models should be chosen with the decision task and the researcher’s situation in mind.

It is clear that no one type of decision model is best in all research situations. Once consumer researchers become aware of task and model differences, they should make more intelligent choices.

“Pricing: A Potential for Deception” by John R. Walton, Eric N. Berkowitz and Rogene Buchholz, *Center for Experimental Studies in Business*, Reprint Series 21, April 1977.

The elimination of deceptive marketing practices has been an important public policy objective since the passage of the Federal Trade Commission Act in 1914. Initially, regulatory concern focused on the maintenance of competition. With the passage of the Wheeler-Lea amendment, however, regulators became explicitly concerned with the deceptive impact of marketing activities on the ultimate consumer.

With this amendment the Federal Trade Commission was empowered to investigate practices deemed deceptive to consumers, regardless of the impact of these practices on competition.

Progress in protecting consumers from deceptive marketing practices, however, has been slow. An important reason for this lack of success has been an almost exclusive reliance on legalistic definitions of deception, as evidenced by the F.T.C.’s pricing guides. Besides prior regulatory efforts being unnecessarily ad hoc, the effects of the deceptive practice on the consumer have been ignored.

Recently, deception in advertising has been defined exclusively in terms of its effects on consumers. The purpose of this paper is to develop such a behavioral approach to price deception. The initial section of the paper discusses the impact of price on the consumer. Utilizing this perspective, the concluding section describes deceptive pricing effects and discusses implications and research issues for this conceptualization.

Single copies of the reprints are available at no charge upon request to the Research Division, College of Business Administration, University of Minnesota, 271-19th Ave. So., Minneapolis, Minnesota 55455 or by calling 373-4482. □



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COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

CBA's "Million Dollar" Course

Academicians usually measure the value of their courses in terms of the amount of learning they feel takes place and the interest that they instill in their students. By these measures OAM 8159, the MBA project team course, is very successful. Both the students and the faculty consistently rate 8159 as one of the best courses currently available to CBA graduate students (some non-CBA students also enroll in it). The 8159 course is somewhat unique, however, because it is not only educationally beneficial to the students and faculty but the host orga-

nization generally obtain a valuable professional service as well. since it represents a sum equal to about 40% of the entire budget level for CBA for 1976-77. Figure 1 below indicates how the activity level and market value of the 8159 course increased from 1972 to 1976.

While the amounts in Figure 1 seem high, the students are essentially MBA's and the rates used are the lowest prevailing rates for professional management consulting. Also, the number of hours assumed to be contributed by the students and the faculty are conservatively low. Associate Professor Carl Adams, one of the cur-

rent course coordinators, stressed that, "There is no particular purpose in estimating the market value of the 8159 activity other than it gives us a good feeling about contributing some-

Million Dollar Course—to column 4

Annual Alumni Institute Scheduled November 2

Richard L. Terrell, Vice Chairman of the General Motors Board of Directors, has agreed to be the dinner speaker at the annual Alumni Institute scheduled for **Wednesday, November 2** at the Radisson South Hotel.

There will be three panel sessions—what is new in the Accounting, Finance and Marketing areas—during the afternoon, followed by a social hour and dinner. Terrell's address will concern the future impact of the energy crisis particularly on the automotive industry.

Contact Jan Windmeier for information or reservation, 373-4174. □

Figure 1

OAM 8159 MBA Project Team Activity Level and Estimated Market Value

Program Levels	1972	1973	1974	1975	1976
Number of Teams	21	21	29	33	34
Number of Students	80	86	117	158	156
Value of Student and Faculty Time*	\$540,000	\$576,000	\$782,000	\$1,045,500	\$1,036,000
Supplies and Computer Expense	\$400	\$500	\$600	\$750	\$1,000
Total Market Value	\$540,400	\$576,500	\$782,600	\$1,046,250	\$1,037,000

*Estimated at 240 hours/student at \$25/hour and 50 faculty hours per team plus 150 hours/faculty coordinator at \$50/hour.

nizations generally obtain a valuable professional service as well.

As something of an experiment, an attempt was made recently to estimate the value of the services rendered by 8159 at the going market rate. To everyone's surprise the estimate exceeded \$1 million a year starting in 1975. This figure is particularly noteworthy

Minnesota Business Conditions Survey

Current Business Conditions

Continue Expansionary

With retail sales, manufacturing production, and related employment reported higher on balance, Minnesota's current business conditions continue to be modestly expansionary.

These conditions are probably not as buoyant as have been reported in the August of previous years. Neither retail sales increases nor manufacturing production increases are being reported by as large a proportion of retailers or manufacturers as in 1976.

Future Prospects Appear Uneven

On balance, new orders received by manufacturers stopped rising in Au-

gust. Present data suggest that a slowdown in manufacturing is imminent. However, the data on new orders are inconsistent with the data on buying policies.

Another source of uncertainty is the inventory position reported by manufacturers. Forty-eight percent of manufacturers stated that inventories increased during the last three months, one of the largest increases reported since this survey started in May 1974.

The quarterly survey is based on the responses of a panel of 145 Minnesota retailers and manufacturers. It is prepared by Ms. Cathie Michlitsch, Graduate Assistant, under the supervision of Professor Roger B. Upson.

Copies of the full report are available upon request to the Research Division, College of Business Administration or by calling 612-373-4482. □

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Million Dollar Course—from column 3

thing to the community in return for the support we receive on a regular basis."

Qualitative evaluations of the 8159 project teams by the host organizations tend to confirm the view that the teams provide highly competent professional service. The following three examples of projects from Spring Quarter, 1977 indicate both the types of projects undertaken and the host organization's evaluations.

Donaldson Company

Donaldson Company is a Minneapolis-based firm engaged in the production and sale of air cleaners and filters, hydraulic filters, mufflers, and various dust collectors and control devices. Donaldson products are distributed worldwide, principally to original equipment manufacturers in the truck and bus, construction and mining, farm equipment, railroad, and manufacturing industries.

Donaldson Company has several operating divisions. Donaldson Division, the largest of the divisions and the host for this project, manufactures heavy duty air cleaners, replacement filter elements, mufflers, silencers, dust control devices for mining operations, and various other specialized filters. Donaldson Division produced approximately 70% of Donaldson Company's total fiscal 1976 sales of \$121 million.

The OAM 8159 problem at Donaldson's was to determine a better way to measure the profit contribution of individual plant managers. A first step in solving this problem was to review the monthly "Plant Goal Analysis," which is a report designed to measure each plant's contribution to profit. As a result of this review, weaknesses in the Plant Goal Analysis formulation were identified and a series of corrective actions were recommended. In addition, the project team investigated productivity ratios as a way to measure plant performance. These ratios were tested using actual company data. As a result, it was recommended that the ratios be refined and incorporated in future reports.

In assessing the performance of the project team, Michael R. Knox, Manager, Financial Planning and Con-



L to R: Rick McNeil—student, Todd Johnson—student, Rob White—student, Bob Spannauer, Jr.—student; Professor Roger Schroeder, CBA faculty; Mike Knox, Bob Findorf, Richard Negri and Kenneth Copp—Donaldson Company executives.



L to R: students, Victoria McIntyre, Priscella Thomas, Phil Ahern, David Sand; company executives Dick Sprague, Pillsbury Co., Tom Sawyer, Manager, Applications Technology, Pillsbury Co.

trol for Donaldson's, noted, "...the students' contribution was similar to what I would expect from paid consultants. We are pleased with the results of the

project and intend to fully implement the recommendations." Roger G. Schroeder was the team's faculty adviser.

Pillsbury Company

Pillsbury is a large, well known Minneapolis-based food products company. The company organization includes an information systems and data processing group that provides systems and systems support to the corporate office and to ten independent divisions of the company. Under this organizational structure, a single information system can be used by multiple independent divisions. Information systems and data processing management must evaluate the effectiveness of these multiple-user systems. The project team undertook the development of a method to measure user satisfaction as one component of the overall measurement of systems effectiveness.

After studying the financial information systems and researching the testing literature, the project team developed a 75 question instrument that incorporated several measures of attitudes regarding information systems and the work environment. This questionnaire was administered to 30 users of a particular multiple-user system. Follow up interviews were held with each of these users and statistical techniques including factor analysis, correlation, and multiple linear regression were used to help determine a measure of satisfaction with the system.

Finally, a general purpose instrument reduced to 40 questions and requiring only 25 minutes to administer was constructed that indicates the level of satisfaction users have with an information system. The project team recommended additional analysis of the questionnaire and its use as one measure of effectiveness of Pillsbury's information systems.

Tom Sawyer, Manager, Applications Technology, described the project team performance as "very useful...an impressive amount of work. Did an excellent job, we definitely got a real value from the project...If we had to do the job internally, it would have taken 6 man-months, or a \$15,000 effort and would have required skills that we don't have." J. David Naumann was the team's adviser.



L to R: Carl Zuck—Gresin Hydraulics Technical Services Manager, John deWerff—student, Cindy Johnson—student, Wayne Nelson—President, Herb Schmiel—Vice President Engineering, Ken Wilcox—Strategic Planning Manager, Cliff Hjermstad—Vice President Marketing, Cindy Mittelsteadt—student, Carl Adams—CBA faculty, Peter Paulson—student.

Gresin Manufacturing Company

Gresin is a subsidiary of Tonka Corporation that manufactures hydraulic components for mobile, industrial, and agricultural equipment. Annual sales of the company are about \$20 million. The project team undertook an analysis of the potential market for hydraulic pumps as a basis for Gresin decisions on product development and marketing.

Using available references the team analyzed the major Gresin competitors in terms of size, financial condition, and specialty areas. Also, the team conducted a survey of available trade literature to determine attitudes toward future market size and direction. In order to get data on more specific issues, such as desirability of different design characteristics and price sensitivity, two mail surveys and a telephone survey were conducted. One mail survey was sent to a nationwide sample of design engineers. The other survey went to purchasing agents in the same companies as the design engineers and focused more on the important factors in the purchase decision process. A phone survey was used to gather similar information from a sample of Gresin's manufacturer's representatives.

After analyzing all the data, the project team presented Gresin with a comprehensive picture of the company's potential for future sales in the pump market and made recommendations regarding the desirability of specific development and marketing decisions in the pump area and the specific types of development and market areas to promote if the company chose to expand its pump lines.

Gresin's Strategic Planning Manager Ken Wilcox indicated the company's evaluation of the team's work by noting, "The report provided us with an excellent tool for evaluating any future activities we may pursue in (the gear pump) area...Everyone at Gresin was very much impressed and pleased with the fine work...the report will be a focal point of our pump thinking for some time to come." Carl R. Adams was the project team's faculty adviser.

General Description of 8159 Host Organizations

The three examples of projects noted above are in a sense typical of 8159 experiences. It should be noted, however, that every year a number of projects involve small operations of under

Million Dollar Course—to column 10

Business-College Interchange

One of the substantive benefits of having a business school in the heart of a major metropolitan business community is the opportunity of utilizing the knowledge, skill and talents of business practitioners. And while faculty members do mix in the 'practical' world by consulting, working in business while on leave from teaching, by

operating their own businesses occasionally, for the most part their orientation is theoretical and academic.

Being part of the Twin Cities community, which houses many nationwide business and industrial firms, provides special opportunities for business college students to learn from those who 'do.' The faculty regu-

Million Dollar Course—from column 9
\$1 million in sales. The main size criteria is that the organization be large enough to absorb the necessary interaction with a 4-5 person team.

The types of organizations typically involved in the project team course are indicated in Figure 2 below.

Participation as a host organization involves very little cash expense. Reproduction of the final report and any unusual expenses, such as travel at the

request of the host, are the only out of pocket costs. Substantial time for interaction with the team and some data gathering are required. Typing is provided by the students and the college pays for any reasonable computer expenses.

Anyone interested in serving as a host organization should contact either of the two current course coordinators, Carl Adams (373-4377) or Roger Schroeder (373-4591). □

Figure 2

MBA Project Team Hosts By Type Of Operation

Type of Operation	1972		1973		1974		1975		1976	
	Teams	%	Teams	%	Teams	%	Teams	%	Teams	%
Financial or Insurance	2	10	3	15	4	15	5	15	4	10
Manufacturing	9	40	8	35	6	20	12	35	8	25
Food	2	10	1	5	3	10	2	5	4	10
Service	1	5	-	-	2	5	-	-	1	5
Retail	1	5	4	20	4	15	3	10	4	10
Non-Profit	1	5	3	15	3	10	3	10	7	20
Government	4	20	1	5	6	20	5	15	6	20
Transportation	-	-	1	5	-	-	1	5	-	-
Utility	1	5	-	-	1	5	1	5	-	-
TOTAL	21	100	21	100	29	100	33	100	34	100

In addition the type of applications addressed in the projects can be characterized as is shown in Figure 3 below.

Figure 3

MBA Project Team Profile By Functional Area Of Application

Functional Area	1972		1973		1974		1975		1976	
	Teams	%	Teams	%	Teams	%	Teams	%	Teams	%
Management	-	-	1	5	4	15	7	20	1	5
Finance	3	15	3	15	2	5	2	5	1	5
MIS	7	30	3	15	5	20	6	20	9	25
Operations	5	25	5	25	4	15	5	15	5	15
Personnel	1	5	-	-	2	5	4	10	-	-
Marketing	5	25	9	40	12	40	9	30	14	40
Accounting	-	-	-	-	-	-	-	-	4	10
TOTAL	21	100	21	100	29	100	33	100	34	100

larly takes advantage of this proximity and of the especial willingness of the practitioners. During the past academic year over two hundred administrators, executives and experts from business, government and other organizations accepted invitations to address business classes and meet the students.

The list is impressive for the calibre of individuals and the variety of types of business and organization, as well as fields of expertise represented. Among those appearing before Business and Society and Natural Environment classes were: David Durenberger of the H.B. Fuller Company, Steve Gadler of the Pollution Control Agency, Marty Heist of the Johnson Institute. George Hegg of 3M, Doris Bautch of Pillsbury and Robert Bunker of the Tennant Company talked to the International Business classes. Top Management Perspectives had some very top management give their special insights into business opportunities and problems: Joseph Lapensky, President of Northwest Airlines; Edson Spencer, President and CEO of Honeywell; Donald Grangard, President and CEO of First Bank Systems; Dr. George Mann, Director of St. Mary's Extended Care Center; Louise Saunders, Owner of Charlie's Restaurant; Carroll Crawford, President of the Sun Newspapers and Thomas Tipton, President of Vanguard Advertising were among the many who were willing to take time from their busy schedules to talk to the students. Experts who talked to Transportation classes were Al Rung, Vice President, Burlington Northern Railroad; Jack Lambert, President, Twin City Barge & Towing Company; Daniel May, Vice President-Finance, North Central Airlines; David Therkelsen, Public Information Officer, Twin Cities Area Metropolitan Transit Commission.

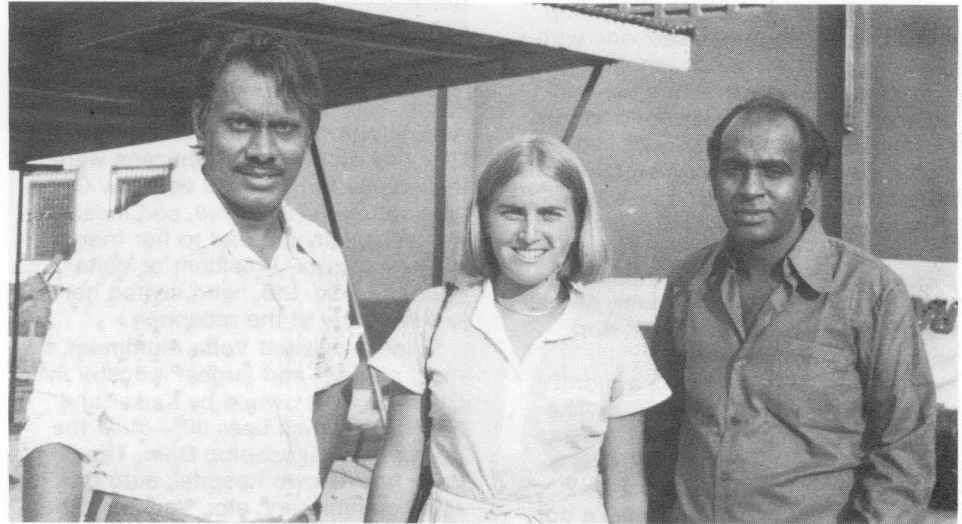
Accounting classes had their share and more of experts: Paul Norris, Manager Internal Audit, Burlington Northern; Alden Hansen, Vice President, Munsingwear; Henry Dornseif, Executive Vice President, WCCO; James Cox, Treasurer, Northern States Power; plus accounting experts from all the major accounting firms such as Arthur Andersen, Price Waterhouse, Broeker Hendrickson, Ernst and Ernst, Peat, Marwick, and Haskins & Sells. □

MBA student serves AIESEC Internship in Ghana

Lindsay Cosgrove, '77 MBA Specialist in Marketing graduate, spent two months the summer of 1976 in Ghana as an AIESEC Intern doing marketing research for a department store in Accra, Ghana's capitol.

AIESEC is the International Association of Students in Economics and Business Management. It is an international student managed organization with national headquarters in New York City and with local committees on 67 campuses throughout the United States. Although student-run, AIESEC-US benefits from the assistance of a distinguished group of people who serve voluntarily as the directors of the non-profit member corporation which handles the finances of the association. Nicholas J. Campbell, Jr., Director and Senior Vice President of the EXXON Corporation, is Chairman of the Board of Directors.

AIESEC seeks to identify and train, through international management experience, a select group of economics and business students with outstanding leadership potential in 55 countries. For the past 28 years, AIESEC has provided meaningful work experiences for over 75,000 students including 6,200 Americans. In addition, it has initiated business seminars, career



Lindsay Cosgrove with Glamour officials

planning meetings, and industrial work-study tours in various economic environments designed to compliment theoretical classroom training.

Lindsay had completed half of her MBA program when she went to Ghana to work for Glamour Department Store, owned and operated by an Indian family, the Kouchandanis. She lived in a student dorm at the University of Ghana, about fifteen minutes from the center of the city with other AIESEC interns from Canada, Denmark, Germany, Holland, Sweden and Switzerland.

Accra is a city of 700,000. Ghana's population is slightly over 10,000,000 in 92,099 square miles, slightly larger in area than Minnesota. Ghana, formerly the Gold Coast, is a republic within the British Commonwealth, and was part of an ancient empire which flourished from the 4th to the 13th centuries.

To a United States citizen, a country under military rule has connotations of instability and fear, but Lindsay said she did not find this to be true in Ghana however. There were some rumored attempted coups, but none were carried out and day to day life went on as usual. Although there is no constitution or judicial system,

old tribal laws are used to solve many problems and this seems to be acceptable, she said.

"Ghana is a poor country by American standards, lacking in many essential items," Lindsay said, "but Ghana is rich in both human and natural resources. Ghana's economic system relies on the hard working shrewd market women. It was related to me that Ghana would be at a standstill without them. Ghana's natural resources are some of the best in Africa. They are the largest producers of cocoa in the world, they are working toward producing an exportable rice crop and they export power from the dammed Volta river to many West African countries. The gold for which Ghana was originally named the Gold Coast, has proved too costly to produce now."

Lindsay found that in general, Ghana's businesses work at the slow pace that seems to be characteristic of many tropical countries. This, combined with a lack of many raw materials, creates inefficient and fairly unreliable business practices. She believes that all in all Ghana is a young nation trying to catch up to the western world

MBA Student-to column 16



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MBA Student—from column 15

while having a large trade deficit and lack of experience in the complexities of running a modern nation.

Lindsay's work for Glamour department store consisted of a marketing survey, with two emphases: one with customers and one with employees. She presented her findings and recommendations to the owner and the management of the store but hadn't a strong feeling that the recommendations would be utilized. A previous student intern had worked at Glamour, but his study was not given to or discussed with Lindsay. The management was very cooperative however, and allowed her freedom to do her work without interference.

She was paid 200 Cedis a month which was equal to about \$200. The average wage in Ghana is 2 Cedis a day (just under \$2.00) or 60 Cedis a month. Prices are high: gasoline 2 Cedis a gallon, beer 1.20 Cedis a bottle, 6 Cedis for half a cooked chicken. She was embarrassed by her comparatively high salary, which government regulations insisted she spend while in Ghana.

She was not allowed to convert any funds remaining into US money when she returned, and was also required to buy a specified amount of Ghanaian money when she entered and had to spend that before returning. AIESEC interns are paid a salary on which to live while in their country but must provide their own transportation to and from it. Lindsay used her extra funds to travel around the country and to buy Ghanaian souvenirs and Ghanaian made leather and other goods.

Besides enjoying getting to know Ghanians and other foreign student interns, highlights of her stay in Ghana were a diplomatic reception at Castle Osu (Ghana's 'White House') on the occasion of the first session of the Council of Ministers of ECOWAS (an organization for the West African Economic Community), and a bicentennial 4th of July celebration hosted by American Ambassador Shirley Temple Black to which all U.S. citizens were invited. No tourists and very few Ghanians get into Castle Osu, so Lindsay was especially grateful to her friend Mr. Armantrout, President of Volta Aluminum Co. Ltd., who invited her to join his party at the reception.

Lindsay visited Volta Aluminum, the most modern and largest industry in Ghana, jointly owned by Kaiser and Reynolds, which uses 60% of all the power from Akosombo Dam. The company has its own hospital, auto garage, commissary, etc. "Anything that a business needs to run, they have facilities for," Lindsay said.

Speaking about AIESEC and what it did for her, Lindsay said, "AIESEC allows both students and businesses all over the world to experience business practices of other nations. It allows companies the opportunity to get another point of view. It allows students a chance to try out what they have learned in the real world under the constraints of a different culture. AIESEC provided me with the opportunity to help in a business and, at the same time, gave me some insight into the problems of conducting business in a 3rd world nation." □

Dean Search Committee Named

President C. Peter Magrath has named an Advisory Search Committee to advise him and Vice President Henry Koffler on a replacement for Dean C. Arthur Williams, who resigned in April effective in June 1978.

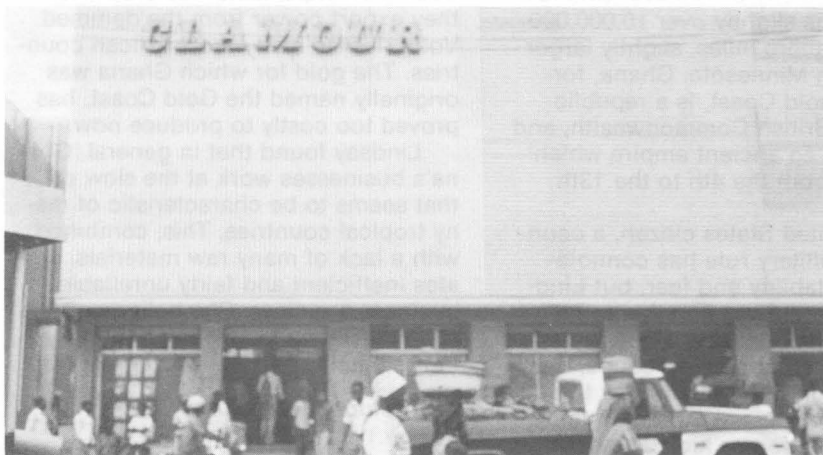
Richard A. Swalin, Dean of the Institute of Technology, was named chairman. Mahmood Zaidi, Professor of Industrial Relations and Director of Graduate Study in Industrial Relations, College of Business Administration, will serve as vice chairman. Six faculty members, two students and one staff member from the College of Business Administration were asked to serve on the Committee. Gordon Alexander, Norman Chervany, Gordon Davis, Mary Lippitt, William Rudelius and Mahmood Zaidi are the faculty members. Susan Thoumi is the staff member. Perry Berg, President of the Business Board, represents the undergraduate students; Karen Hawley, President of the Council of Graduate Students, is the graduate student representative.

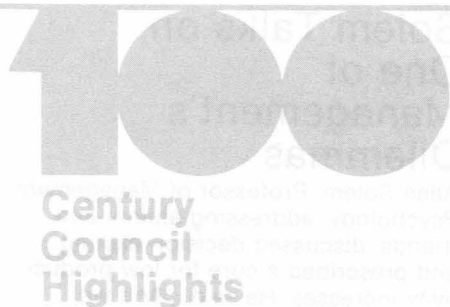
Thomas Bouchard, Professor of Psychology, John Turnbull, Professor of Economics, Harold Chase, Professor of Political Science, and Dean Swalin are the faculty members outside of the College of Business.

Three businessmen were also asked to serve: James Brandt, CBA Alumni President, Donald Dayton, and Ron Hubbs, Chairman of the Business Consultative Council.

In naming the Committee, President Magrath said, "The responsibility of the Committee is to search out the most qualified candidates for the position of Dean. Since the College potentially has such a significant role to play within the institution, the Twin Cities, the State, and the Nation, we should make every effort to assure its promising future by helping provide imaginative and decisive leadership." Magrath has asked the Committee to report to him by February 1, 1978 with a list of not less than five names.

Dean Williams, who has served in the Dean's Office for seven years, one as Acting Dean, one as Associate Dean, and five as Dean, will return to full-time teaching. Before his Dean's Office Service, he was Chairman of the Finance and Insurance Department for six years. □





Century Council Meets

The CBA Century Council held its annual meeting June 15 at the Alumni Club in Minneapolis. The members, who contribute \$100 per year to the College, discussed new developments, resources and programs in the College, and received a statement of funds raised and disbursed. The discussion was led by Dean Williams, with the assistance of Dean Upson, and suggestions were made by members on ways to increase the membership in the next year.

Please Remember To Designate Gifts For The College and Graduate School of Business Administration

When making gifts to the University, alumni are afforded the opportunity of designating how their gifts may be used. College of Business alumni are urged to earmark their gifts for use by the College to support our continuing drive for excellence.

It is hoped that the coming year will produce the type of support from our alumni for which we can all be proud. The greatness of any institution is measured by the support of those that it produces. The College is extremely proud of its graduates and we hope that our alumni are equally proud of the College and the work that is being done.

We are most appreciative of your past support and will work hard to continue to merit your confidence and growing assistance in the future.

Don't forget, a \$100 gift makes you eligible for membership in the Century Council.

A Message from the CBA Alumni Board

Why join the Alumni Association?

Many College of Business Administration graduates have already answered that question, for the College has one of the largest Alumni membership at the University. However, we feel strongly that increased membership and participation by alumni is a key to enhancing the excellence of the College, as well as providing opportunities for members.

As with many things in life, alumni membership is a "give-get" relationship. Your membership gives to the University and the CBA funds for scholarships, for recruitment of top high school students and for special programs which strengthen the student-faculty-business community bond; you, in return, maintain contact with the College and your academic discipline and are eligible for special privileges such as use of the University library, golf course and charter travel. Active alumni gain even more by contributing of themselves and their knowledge to the College and the students.

The questionnaire on Column 31 of the *Business News* provides you with an opportunity to join the Alumni

Alumni News-to column 22

Business graduates 304 in June

The seventh independent commencement exercise of the College and Graduate School of Business Administration was held on June 12. Separate commencement ceremonies were begun in 1971 in the College of Business.

Two hundred and eighty-four undergraduate degrees were awarded—eighty-one With Distinction and thirty-one With High Distinction. Twenty MBA degrees were also awarded. Michael Unger, Student Regent, awarded the degrees on behalf of the Board of Regents.

As in the past several years the graduation ceremony was planned by a student committee. A short skit by the Dudley Riggs Brave New Work-

shop replaced the traditional commencement address. A reception for graduates, families and friends and faculty followed the ceremony.

Special undergraduate honors were awarded to the following graduates:

ALPHA KAPPA PSI TABLET
(four seniors selected to have their names engraved on the bronze tablet honoring them for outstanding scholarship and service to the college)
Ted Chalupsky, Kathy Johnson, George Thompson, Michael Vanderheyden

BUSINESS ASSOCIATION OF MINORITIES OUTSTANDING ACHIEVEMENT AWARD

(given to two multi-ethnic seniors who have demonstrated leadership ability, obtained academic success, and have contributed the most)

Jose Valdesuso and George Thompson

DELTA SIGMA PI SCHOLARSHIP KEY
(given to male graduating senior having highest scholastic average for work done in CBA and in prescribed pre business work)

Bruce Machmeier

SENIOR WOMAN'S SCHOLARSHIP AWARD

(given to senior woman with highest scholastic average for work done in CBA and in prescribed pre business work)

Margaret Osborne

TOMATO CAN LOVING CUP AWARD
(given to the person deemed by the Dean to have performed the most distinctive service to CBA)

Michael Vanderheyden □

Alumni News—from column 22

Association. We urge you to check a box and renew your acquaintance with the College of Business Administration.

A Message from The President

Dear Alumni Member:

The Student Chapter of the Society for the Advancement of Management (S.A.M.) has been active on the University of Minnesota Campus for quite some time. Over the years they have asked people from all aspects of business to come in and share their experiences with them. The presentations have been both interesting and informative, as they have been exposed to a variety of differing ideas. Another important aspect of S.A.M., however, is its Buddy-Program. In this program a student is paired up with a man or woman working in an organization in the Metro area. In the past, people have been paired together at the beginning of the academic year, and have remained in rather close contact throughout the rest of the year.

The student and his or her buddy often take each other to lunch, attend University events together and generally have a good time. A tour of the

buddy's organization and an occasional opportunity to sit in on a meeting have both proved to be exciting experiences for students. The buddy also gets a good deal of satisfaction from the experience, knowing that his or her knowledge and expertise have helped a student learn something extra that will prove to be valuable in years to come.

In the past, the buddies have been Senior Chapter members of the Society for the Advancement of Management. However, the supply of buddies has been less than adequate. Therefore, the students are interested in knowing how many members of the Alumni Association would be willing to make the small investment in time needed to become a buddy.

I would emphasize the rewards to the buddy and the value to the student of the outside learning experience. I encourage alumni to be active in this program which provides an opportunity for assisting a business college student, maintains a line of communication with the College and allows alumni to learn more about campus and CBA activities on a day-to-day basis. □

*Jim Brandt, President
College of Business Administration
Alumni Association*

Solem Talks on One of Management's Dilemmas

Allen Solem, Professor of Management Psychology, addressing alumni and friends, discussed decision making and prescribed a cure for low productivity increases. He said, "And we don't need to reinvent the wheel in order to do what needs to be done to recover most of that. Everything we need to know is waiting to be used. All that remains is to do many things in much the same way but some things very differently. If we do I see no cogent reason why well within a decade, we have to be second to anyone in the productivity of our employees."



Professor Allen Solem

Solem's remarks came as he presented the 14th Quarterly Alumni Lecture on July 6. If we don't make use of what we know very soon and we take as long to adopt and utilize decision making which has both quality and acceptance as it has taken us to adopt and utilize the metric system, we are in for trouble, Solem promised. And the strange foreign names in our garages "will have long since moved from the garage to the board room."

The next Alumni Lecture will be given on October 26 by George O'Connell, Assistant Professor of Industrial Relations and Director, Labor and Urban Affairs, who will talk on the Occupational Safety and Health Act. Reservations may be made by calling the College Placement & Alumni Services Office, 373-4174.

Single copies of the Alumni Lectures are available at no charge from the Research Division. □

Please answer the following questions and return to the college.

Name _____ Phone _____

Affiliated Organization _____

1. Would you be interested in being a 'buddy' during the 1977-78 academic year:

Yes ____ No ____

2. What quarters would you be available?

All ____ Fall ____ Winter ____ Spring ____

Please mail to: S.A.M.
Room 225
College of Business Administration
University of Minnesota
271 19th Ave. So.
Minneapolis, Minn. 55455

New Director Named for Continuing Business Education

Dick Grefe, who was named Director of Continuing Business Education in March, said in previewing his Fall programs, "Our goal is to be responsive to needs of Minnesota firms for management development programs. To accomplish this, we work from the premise that programs should be timely, flexible and practical: timely in that issues to be discussed are based on expressions of need from persons in various organizations; flexible in that topics, locations and instruction change based on the needs of those

attending; and practical, in that resource persons in each seminar focus on issues facing those attending and link the latest ideas and research in management to those issues."

Grefe, who has worked for Continuing Education and Extension since 1965 when he was a part-time graduate assistant working with neighborhood groups, has been Acting Director of CBE for the past year. From 1968-72, Grefe was supervisor of special courses and from 1972-76 he was program director for Continuing Educa-

tion, planning and administering on and off campus conferences and institutes in fields of education, engineering, business and public health. He received a BA in Political Science and an MA in Higher Education Curriculum and Administration with an emphasis on adult continuing education from the University of Minnesota.

Continuing Business Education is a cooperative program between Continuing Education and Extension and the College of Business Administration.

New Director—to column 28

Continuing Business Education

Program Schedule

Fall Quarter 1977

<i>Seminar Title</i>	<i>Date</i>	<i>Seminar Title</i>	<i>Date</i>
Retailing	August 22-25	Finance for the Non-Financial Manager	November 1 & November 8
Introduction to Computers	September 13	Assertiveness Training for Women Managers	November 2
Elements of Human Behavior for Sec/Admin. Ass'ts.	September 14	Effec. Report & Letter Writing for Sec/Adm. Ass'ts.	November 8
Fall Accounting Workshop	September 16	Elements of Human Behavior for Sec/Adm. Ass'ts.	November 9
Introduction to Management Information Systems	September 20	Effective Report Writing	November 15
Time Management for Mgrs.	September 21	Managing Conflict (Coeducational Prog.)	November 16
Office Systems Seminar for Admin. Managers and/or Office Spvrs.	September 21-22	Managing Conflict (Coeducational Prog.)	November 16
How to Overcome Barriers to Communication	September 28-29	Time Management for Mgrs.	November 16
Effective Report Writing	October 4	Office Systems Seminar for Adm. Mgrs/Office Spvrs.	November 17-18
Managerial Decision Making	October 5	Interpersonal Communication for Sec/Adm. Ass'ts.	November 22
Effective Supervision in Industrial Firms	October 5 thru November 16 (Wednesdays)	Assertiveness Training (Coed. Program)	November 30
Interpersonal Communication for Sec/Adm. Ass'ts.	October 6	Tax Institute	December 1&2
The Manager's Role in Career Renewal	October 11	Effective Listening	December 6
Managing Conflict—Especially for Women Managers	October 12	How to Overcome Barriers to Communication	December 7-8
Effective Listening	October 13	Marketing for Managers Without Marketing	December 8
Effective Report & Letter Writing for Sec/Adm. Ass'ts.	October 18	Effective Management for Owners/Mgrs. of Small Mfg. Firms	December 13-14
Effective Organizational Presentations	October 19 & October 26	Time Management for Sec/Admin. Ass'ts	December 14
Manager/Secretary Team	October 20	Manager/Secretary Team	December 15
Management Development for Women	October 26-28		

New Appointments

ACCOUNTING

Robert L. Vigeland, Ph.D. Columbia University (expected Fall 1977)

EMPLOYER EDUCATION DIRECTOR

Thomas Donaldson, M.A. Mankato State, 1974; served as Deputy Commissioner and Director of Enforcement, State Dept. of Human Rights, 1966-77

MANAGEMENT SCIENCES

Arthur V. Hill, Ph.D. Purdue University (expected Fall 1977)

Promotions

Dennis Severance, Associate Professor of Management Sciences, has received a tenured appointment

Faculty Leaves 1977-78

Fred Beier, Associate Professor of

Transportation, will spend the next year in Boston on a Faculty Fellowship by the Department of Transportation, at the Transportation Services Center doing research on the problems of railroads.

Bill England, Professor of Industrial Relations, will devote his time in the next year to data analysis and writing on a 15-country study of humanized productivity under advanced industrial technology.

Tom Mahoney, Professor of Industrial Relations, will complete current research into the implications of equity considerations in industrial relations and extend it into issues relating to quality of working life and systems of industrial governance.

Returning from Leave

Richard K. Gaumnitz, Professor of Management, has been doing research on optimum class sizes and looking into utilization of aids for larger class sizes.

Patrick Pinto, Associate Professor of Industrial Relations, has been doing research and preparing a monograph on Training and Career Development.

Wm. Weitzel, Associate Professor of Industrial Relations, has spent the past year at the Northern European Management Institute, Oslo, Norway.

Resignations

John Cumming, Assistant Professor of Accounting, has resigned to accept a position as Associate Professor of Accountancy at Miami University, Oxford, Ohio. □

New Director—from column 27

Over thirty seminars are scheduled for this fall, each limited in size to assure adequate discussion and experiential learning. Resource persons are selected for their broad experience in the field and knowledge of the latest research and techniques in the topic area.

Comments from past seminar participants indicate that these programs provide an excellent opportunity to refresh current skills, acquire new ideas and management tools, share ideas about management practices that have worked in other organizations, and put one's current practices in a wider perspective. The combination of topics, seminar leaders, and flexible formats emphasizing discussion all contribute to those ends.

Grefe's plans include several new developments: core courses in Supervision, Mid-management and Top Management which will integrate ideas that involve the total job of management at each level while stressing topics that are most important at each level; programs especially for smaller firms; and seminars scheduled twice for convenience of attendees—one in downtown Minneapolis and one in St. Paul.

A new addition to the CBE staff is Bernadine Hoff, who was named Program Director for CBE in August. Hoff, who had extensive business experience before entering college and who has since done college level teaching and business consulting, sees her role as being a bridge between the business and educational communities.

Ms. Hoff received her BA from Northeastern Illinois University and Masters in Diversified Education from the U.S. International University of San Diego.

Grefe and Hoff welcome ideas for programs from alumni, who are often in the best position to identify needs that might be met by a special seminar or workshop, and stress that the CBE Program is a cooperative one, based on frequent and significant interaction with alumni, business leaders and faculty.

A list of Fall offerings and dates is given on Column 25. A catalog describing in detail the Fall program is available by calling 373-3680 or completing and returning the form below to Continuing Business Education, College and Graduate School of Business Administration, University of Minnesota, 271 19th Ave. So., Minneapolis, MN. 55455. □

Yes, I would like you to send me a Fall CBE Catalog.

Name _____

Firm _____

Address _____

Business honorary society initiates seventy-seven

Beta Gamma Sigma, national honorary business society, initiated seventy-seven business students at its spring meeting, a dinner meeting held at the Campus Club. Bower Hawthorne, a Minneapolis Star and Tribune executive, spoke on the recent visit of Minnesotans to Cuba.

Membership in Beta Gamma Sigma, which is recognized by the American Assembly of Collegiate Schools of Business as the official honorary soci-

ety in the business field, is awarded to the upper 5 percent of the juniors and upper 10 percent of the seniors enrolled in the college, and to the upper 20 percent of those receiving Masters' degrees during the year.

This year nineteen juniors were honored: Kathy J. Barnett, Anwar H. Bhimani, David Bryan Darst, Glenn M. Elo, Gregory Lee Failor, Alan Goldner, Jeffrey A. Johnson, Allen Bruce Kaufmann, David Paul Koppe, Diane Rae

Larsen, Jane Liszewski, Linda E. Marsello, Robert Russell Pederson, Noel L. Phifer, Jerome Alan Ribnick, Scott Bruce Samsky, Peter W. Thoreen, Bradley Forbes Van Gorder, Susan A. Ward.

Forty-two Seniors were initiated: Steven D. Akerson, Donald G. Anderson, Thomas N. Arnfelt, John P. Bax-

Honorary Society—to column 39

WHERE ARE YOUR CLASSMATES?

All of us, especially the longer we are out of school, wonder what has happened to the men and women with whom we spent much of four (or more) years.

The Alumni Board feels that your classmates also want to know about you and have, therefore, designed the following questionnaire. In subsequent issues, certain graduating classes will be highlighted with a brief sketch of each respondent.

Please fill out and return the questionnaire; feel free to give your editorial comments

SEND TO: Ms. Mary Lou Hill, Assistant to the Dean
College of Business Administration
University of Minnesota
Minneapolis, MN 55455

NAME _____
Last First Middle Initial or Former Name

ADDRESS _____
Street

City State Zip

YEAR OF GRADUATION _____

CURRENT EMPLOYER _____

CURRENT POSITION _____

INFORMATION YOU WOULD LIKE TO SHARE WITH YOUR CLASSMATES (MARITAL STATUS, CHILDREN, HOBBIES, HONORS, AWARDS, ETC.)

- I would like to join the Alumni Association (or find out more information about the benefits of membership).
- I would like to become more actively involved with the College or Alumni Association.
- I have an idea for an article for the BA Business News.

New Site for Business Reference Library

The Business Reference Service Library which has been housed in the Wilson Library Sub-basement since 1968 moved to a new location on the second floor of Wilson Library July 1.

Judy Wells, Business Librarian, is most pleased at the change which she had urged and which Business College deans and faculty and Library staff have been working on since at least 1973. When a new Library administration took over this past year and strongly appreciated the need for improved facilities the move was accomplished. An accreditation team of the North Central Association of Colleges and Secondary Schools had singled out the Business Reference unit as needing improvement.

Ms. Wells said the new site will enable the Library to provide better service to business, students and faculty

by its relocation near the books that are most used and needed by business, provide room for expansion and will provide high visibility so that patrons can more easily locate and utilize the collection. It shares the space with INFORM, the Library's fee-based research service for business and industry in Minnesota, which will research nearly any topic and will obtain photocopies of articles, books or documents for the requesting party. Ms. Wells heads both units and says their proximity is very helpful to her and to improved service.

Efforts are being increased to strengthen the business collection now that better space has been provided. The acquisition budget for 1976-77 of \$22,686 was spent—\$8,508 on books and \$14,178 for services and serials. Ms. Wells hopes to have the

budget increased for 1977-78. An additional sum, over a thousand dollars, was given recently for books and serials by the Assistant Director of the Library, Hal Young, and a Library Committee. Mr. Young was instrumental in the Library move and is very supportive of improving the business collection and service. A gift of over \$1,200 from Century Council funds was also allocated by Dean Williams for additional books and materials, including the Tax Court Memo Series and the Standard Rate and Data Series.

Ms. Wells believes that the budget will be substantially increased because she says "there is general agreement that we are underfunded and need to improve our collection." She is now working on a report pointing out the collection's strengths and weaknesses and preparing a list of specific items



Student Assistant Kathy Moos, Judy Wells—Librarian, and Carol Ratwick—Assistant.

needed to add to the collection. She expects to give the report to the Business Library Committee for evaluation and consideration. One item she would like to add is the Daily Stock Price Record, (for past 16 years of both N.Y. & American), rather costly at \$1,632, but one which would be very useful. (Alumni who would like to make contributions, please note.)

The collection as of June 1977 includes:

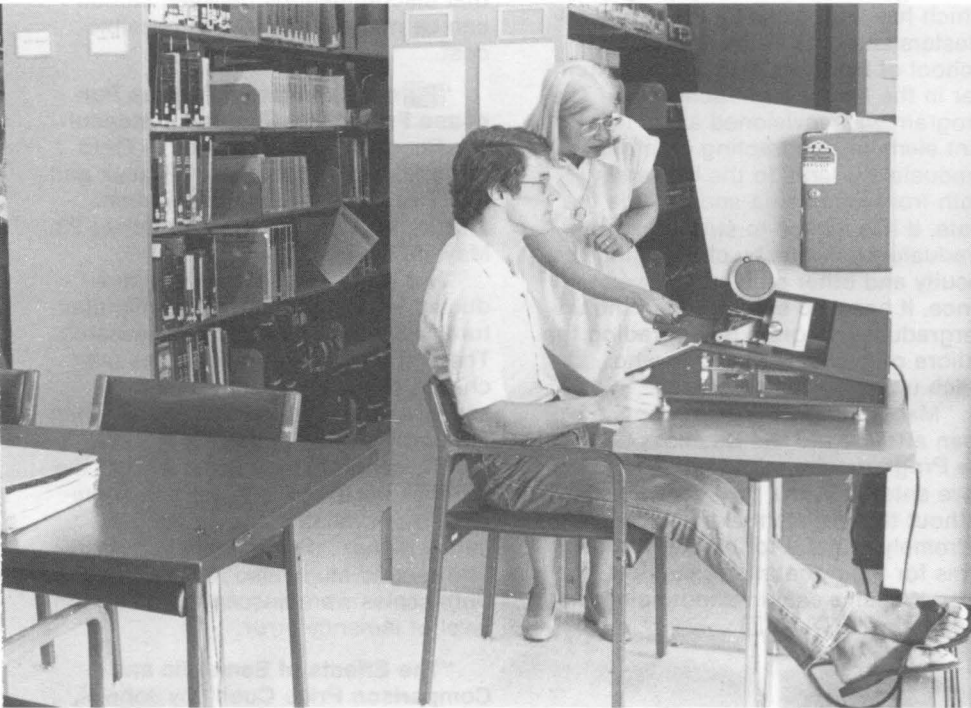
Volumes in Reference Room	1,894
BA Book collection	12,163
BA Serial collection (not including all the regular serials in the Periodical Room, but including all the annual reports)	28,548

Microfilm/Microfiche (includes the 10K reports which businesses file with the SEC)	11,502
Pamphlets	1,859
total items	55,966

A full time library assistant and several part time student workers make up the Business Reference Service staff and a full time library assistant, a full time clerk-typist and part time student help make up the INFORM staff, all of which can be used interchangeably as need arises. Ms. Wells heads both units. Her background includes a BA in English and an MA in Library Science from the University and Library service in a variety of areas since 1969. She became head of INFORM in July 1976 and in September took over the Business Reference Service. □

Honorary Society—from column 33

ter, Michael P. Beauchane, Philip D. Bergstrom, Mary P. Blake, David W. Brask, Daniel M. Bredvold, David G. Conley, Dorothy Cass Cottrell, Sue Ellen Floerchinger, Keith James Gruebele, Wm. D. Hanzlik, Elizabeth Marie Hjelter, David F. Hoffmeister, Jeffrey Lee Hvass, Earl C. Joseph II, Brian L. Knutson, Mark S. Kujawa, Diane Eliz. Lee, Richard Man-Fai Lee, Hong-Nin David Leung, Andrea Machmeier, Bruce Machmeier, Todd Cameron McClintock, Mary Elizabeth McDonald, Daniel C. McInerny, David Richard Michelson, Calvin King Mueller, Margaret A. Osborne, Debra Ann Peterson, Nancy J. Pomije, Morton B. Rischall, Nichole R. Robinson, Charles B. Ruegger, Michael J. Saunders, Gregory M. Spoo, Margaret Ann Telschow, Judy Gail Vandermeer, Kenneth W. Weis, Jr., Edward L. Zeman. There were sixteen Graduate Students honored: Romele I. Castle, David L. Christopherson, Thomas R. Finigan, Daniel T. Freeman, Bruce R. Gaumnitz, Susan L. Henderson, Mary Jane Heng, David Charles Marty, Mark P. McGree, Gary Paul Nadeau, Norton C. Permuth, John McCord Rutland, Kay Ann Vogelpohl Scheible, H. Barry Spraggins, Doris A. Wambach, Ralph Steven York-Erwin. □



Judy Wells and business student Alan Thometz.

Corporate Associate Fellowships Awarded to 22 Grad Students

Again this year Corporate Associate Fellowships have been awarded to twenty-two graduate students in the Graduate School of Business Administration 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.

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

Alan Dubinsky—Marketing
BS Business '73, MBA '76, U of M
John T. Pain—Finance
BA '70 St. Olaf, MBA '72 U of Chicago
Albert Miller—Accounting
BA Acct. '69 Xavier, MBA '71 Tulane
Cathy Michlitsch—Marketing
BS '69 S. D. State, MS '76 U of M

The eighteen Masters students who received awards are listed below:

Gretchen Lindstrom—MBA-Mgmt.
BA '72 U of M
Jay Holmen—MBA Acct.
BA '76 Moorhead State
Marilyn Froelich—MBA Generalist
BS '76 N.D. State
Melissa Steinbauer—MA-IR
BA '75 Hamline
Carl W. Shye—MBA Acct.
BS '77 Ohio State U
Rena Broderick—MA-IR
BA '73 Macalester
Janet Calander—MBA Generalist
BS '68 U of M
Carol Eger—MBA-Acct.
BA '69 U of Rochester, MA '73 U of M
Don A. Blyly—MBA Generalist
BS '73 U of Illinois, JD '76 U of M
Leta R. Miller—MBA MIS
BS '77 Elizabethtown College

William C. Bachman—MBA Acct.
BS '74 St. Louis U
Frederick J. Huppert—MBA Acct.
BA '77 U of Wis.
Joanne Horwood—MBA Acct.
BS '76 Ohio State
Deborah Barber—MA-IR
BA '61 Miami U
Daniel M. Bredvold—MBA Generalist
BBA '77 U of M
Michael Hegstad—MBA Generalist
BS '76 U of M
Sophie Bozek—MBA Mktg.
BS '76 U of M
John Southwick—MBA Generalist
BS '76 U of M

Since 1969, when the Corporate Associates Program began, major industries of the area have contributed to this graduate fellowship program which has supported 27 Ph.D. and 59 Masters students in the Graduate School of Business and a similar number in 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 has served to strengthen the graduate programs by challenging the faculty and other students to excellence. It has also strengthened the undergraduate program by upgrading the calibre of graduate students who teach undergraduate courses.

"Many fine graduate students have been attracted to the Business Graduate Program who might not otherwise have entered in the past seven years without this substantial help. We are extremely grateful to the contributing firms for their continuing support," Dean Williams said in announcing the awards for 1977-78. □

"Identifying and Eliminating Leniency Error in Consumer 'Propensity to Buy' Ratings" by Charles H. Ptacek and Ivan Ross, *Center for Experimental Studies in Business*, Reprint Series 22, May 1977.

This paper reports on a study which demonstrates that the elimination of nondiscriminators can effectively decrease the degree of leniency error associated with ratings from two commonly employed propensity to buy scales. From a theoretical standpoint this would appear to be an important finding given that previous attempts to eliminate response bias have relied primarily on manipulating scale formats or employing comparative designs.

From an applied point of view, the elimination of nondiscriminators leads to an enhancement in the ability to measure stimulus differences. The added sensitivity imposed by eliminating nondiscriminators is desirable so that discriminations between stimuli can be made at the lowest possible cost.

"Purchase Intention Versus Purchase Probability Scales for Measuring Consumer Preferences: A Field Experiment" by Charles H. Ptacek and Ivan Ross, *Center for Experimental Studies in Business*, Reprint Series 23, May 1977.

Two different studies were conducted in conjunction with a manufacturer's ongoing new product research. The first study revealed that the purchase probability scale was a more sensitive and discriminating scale than the purchase intention scale.

The second study revealed that the purchase probability scale was somewhat more reliable and had significantly higher "discriminant validity." The second study also revealed that both scales were susceptible to a high level of leniency error.

"The Effects of Semantic and Comparison Price Cues" by John R. Walton, Eric N. Berkowitz and Rogene Buchholz, *Center for Experimental Studies in Business*, Reprint Series 24, June 1977.

This study examined the effects of semantic and comparison price cues on price and product related response

dimensions. Hypothesized differences for a convenience and a shopping product were observed.

The findings suggest that semantic and comparison cues, as well as actual price cues, may affect the consumer's price perceptions. Further, these data indicate that these effects are likely in some market situations and not others. Besides academic importance, these results should have practical value for retailers and public policy makers.

Price is an important element in the retailer's marketing mix. Advertising price reductions contribute to an overall image as well as stimulating demand. If certain semantic and/or comparison cues result in more favorable evaluative responses by consumers, then retailers have some direction as to which cues to use.

From another perspective, public policy makers are concerned with the issue of price deception. Legal approaches to this issue have focused on input cues only. The examination of response dimensions in regard to these input cues provides the policy maker with a behavioral measure of deception.

"Comparative Pricing: The Semantic Implications for Retail Strategy"

by Eric N. Berkowitz, Rogene Buchholz and John R. Walton, *Center for Experimental Studies in Business*, Reprint Series 25, June 1977.

Retailers have long recognized price to be an important element in strategy formulation. The importance of price in the retail mix is evident by its use in newspaper advertising. In presenting price information, comparative cues, as "Regular Price—Sale Price," have dominated retail promotions. Yet, little attention has been paid to determine how consumers interpret these cues.

This study reports on consumer beliefs about these commonly used comparative price cues. The findings have important implications for retailers and are discussed along three strategic dimensions: clarity of presentation (of price information), attractiveness of the retail offers, and competitive advantage.

"An Algorithmic Approach to Deriving the Minimum-Variance Zero-Beta Portfolio" by Gordon J. Alexander, Reprinted from *Journal of Financial Economics*, 4 (1977).

This paper examines the problem of deriving Black's (1972) minimum-variance zero-beta portfolio. Long's (1971) methods, used by Morgan (1975), are briefly mentioned. Then the complementary pivot algorithm of Lemke (1965), which has been shown to be capable of deriving the optimal solution to certain quadratic programming problems that are subject to a non-negativity constraint, is described.

Finally, Lemke's algorithm is shown to be capable of deriving the minimum-variance zero-beta portfolio efficiently from samples of risky assets where both long and short positions are allowed by reformulating the problem so as to avoid the difficulties encountered by having a non-negativity constraint.

"Implementing the Model Medicaid Management Information System" by John C. Anderson and Paul Farseth, reprinted from *Public Health Reports*, March-April 1977, Vol. 92, No. 2.

The Model Medicaid Management Information System (MMIS) has been subjected to much recent criticism and concern from government administrators, legislators, and providers of health services. Some critics suggest that it is not fulfilling its intended objectives in states where it has been installed, that it is not processing information correctly and on time. Others suggest that although the system may process information correctly, the reports it produces have not been integrated productively into the management of State Medicaid programs (Title XIX of the Social Security Act). The authors believe that careful review of state experience with the MMIS will show the model system to be a sound design for administering Medicaid. The problems which have clustered around the MMIS are real, but they are the consequences of the particular processes that states have used in implementing the design and integrating the system with their administrative operations.

This paper draws on observation of the process of implementing the MMIS in Minnesota. The authors offer some normative conclusions and recommendations to guide other states' MIS efforts and other efforts in building large-scale information systems, particularly in the public sector.

"An Experimental Investigation of Some MIS Design Variables" by Izak Benbasat and Roger G. Schroeder, Reprinted from *MIS Quarterly*, March 1977.

An experiment was conducted to relate characteristics of an information system and a decision maker to the resulting decision making performance in a simulated inventory/production environment. Of the six independent variables which were analyzed four (form of presentation, availability of decision aids, availability of exception reporting, amount of information provided) were related to information system characteristics, the other two (decision making style, knowledge of functional area) described decision maker characteristics.

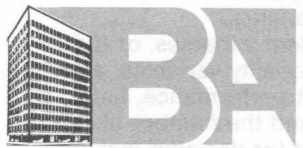
The dependent variables, or the decision making quality variables, analyzed were cost performance, time performance, and the number of reports requested for decision making. The experimental setting, findings, and the implication of the findings for information system design are discussed. □

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, 271 19th Av. So., Minneapolis, Minnesota 55455.

The paper draws on observations of the process of implementing the MIS in Minnesota. The authors offer some tentative conclusions and recommendations to guide other states. MIS efforts and other efforts in building large-scale information systems are underway in the public sector.

An experimental investigation of some MIS Design Variables, by James Berke and Roger G. Johnson. Reported from MIS Quarterly, March 1977.

An experiment was conducted to test the effectiveness of an information system and a decision maker in a simulated investment environment. Of the six independent variables which were analyzed, four were found to be significant. The form of presentation, availability of decision aids, availability of expected reporting amount of information, and test were related to information search characteristics. The other two variables were related to the decision maker's knowledge of functional goals, decision making, and market characteristics.



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"An Algorithmic Approach to Deriving the Minimum-Variance Zero-Beta Portfolio" by Gordon J. Alexander. Reprinted from Journal of Financial Economics, 4 (1977).

This paper examines the problem of deriving Black's (1975) minimum-variance zero-beta portfolio. Using a (1977) method used by Morgan (1975), the author derives a computationally efficient algorithm of Lamee (1975) which has been shown to be capable of deriving the optimal solution to certain quadratic programming problems that are subject to a non-negativity constraint. It is shown that Lamee's algorithm is shown to be capable of deriving the minimum-variance zero-beta portfolio efficiently from samples of risky assets where both long and short positions are allowed by reformulating the problem so as to avoid the difficulties encountered by "having a non-negativity constraint."

"Implementing the Model Medicaid Management Information System (MMS)" by John C. Anderson and Paul Frazier. Reported from Public Health Reports, March-April 1977, Vol. 92, No. 2.

The Model Medicaid Management Information System (MMS) has been indicated to much report criticism and concern from government administrators, politicians, and providers of health services. Some critics suggest that the program is too inflexible, too costly, and too slow to implement. The authors report that the system may be more flexible, less costly, and faster to implement than originally planned.

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Hypothesized differences in convenience and a shopping method were observed.

The findings suggest that semantic and comparison cues, as well as other cues, may affect the consumer's price perceptions. Further, these data indicate that those effects are likely to be more significant for those who are more price-conscious and who are more likely to shop at retail and public grocery stores.

Price is an important element in the retail marketing mix. A retailer's pricing policy can have a significant effect on the retailer's profitability. The retailer's pricing policy can also have a significant effect on the retailer's competitive position. The retailer's pricing policy can also have a significant effect on the retailer's customer loyalty.

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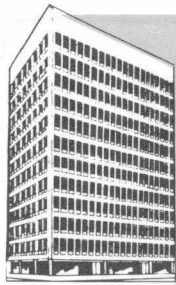
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**business
news**

COLLEGE AND GRADUATE SCHOOL OF BUSINESS ADMINISTRATION—UNIVERSITY OF MINNESOTA

24th Annual Alumni Institute Hears General Motors Official

Richard L. Terrell, Vice Chairman of the Board of General Motors, spoke to the 24th Annual Alumni Institute on November 2 on "Responsibility is a Two-Way Street."

Terrell is concerned with the power and activity of the government in regulation of business. In discussing the energy programs Terrell said "government's proper role is first to determine what levels of protection are necessary, then to assure continued protection of the environment and public health and safety. . . . The regulatory process should be constantly reviewed—and when necessary, revised—always with a view toward the lowest level of regulation possible to get the

job done." The relationship between business and government is out of balance he stressed. "We have to seek balance, 'creative balance,' " the theme Elliot Richardson used as the title for a book last year.

Terrell said the government is our largest nonproductive consumer as well as the largest single direct beneficiary of business. "As government becomes an increasingly vocal, increasingly active partner—imposing public responsibility on private business—government must recognize and accept responsibility for its actions in the partnership. Responsibility is a two-way street."

Alum Institute-to column 6

Richard L. Terrell, Vice Chairman of Board General Motors Corp. at Alumni Institute November 2, 1977



Business Expansion Slows November Business Conditions Survey Reports

Gains reported in business conditions in Minnesota during the second and third quarter of this year continue into the final quarter, but the pace has slowed.

Almost as many retailers report decreased sales over year-ago levels as report increased sales, and the great majority report retail employment at the same level as in November 1976. Comments by individual retailers indicate that the continuing steelworkers' strike and lower than expected farm product prices may be important factors in this relatively flat retail situation.

Compared to three months ago, however, both manufacturers and retailers report increased levels of activity. More than half of the retailers state that sales are higher than in August and almost half of the manufacturers show increased production. Yet in terms of employment, sixty-nine percent of retailers and fifty percent of manufacturers are holding level. Thus the seasonal increases in sales and production are generating less than proportional increases in employment

Business Survey-to column 30

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Advisory Council Meets, Welcomes New Members

The Consultative Council of the College of Business Administration met at the college on September 14 and discussed college-business community interactions and heard a progress report on the Dean Search by committee member and current chairman of the Consultative Council, Ron Hubbs.

Two possibilities for additional interaction between the college and business community suggested by Dean Williams were discussed. One would be to add one or two Consultative Council members to a committee that would select the winner of a newly established award for the best OAM "live case" project. The Council agreed to provide at least one person to participate in the award.

The other suggestion would be an "executive-in-residence" program through which local firms would donate the services of their management people to teach classes and otherwise participate in the activities of the College. From the College's point of view, the ideal arrangement would be the full-time services of a person for one academic quarter but this could prove difficult for the firm and for the employee. Persons approaching retirement were

suggested as being particularly well suited for such a program. Consideration might also be given to an exchange program under which the College would lend some of its faculty to local firms. The difficulty of developing meaningful assignments for short stays was mentioned as a problem.

Vernon Heath, President of Rosemount, Inc., was named by the Dean to chair the Council for the next two years upon the recommendation of a nominating committee composed of past chairmen.

New members of the Council were welcomed at the meeting: *Jim Brandt*, CBA Alumni President; *N. Bud Grossman*, Chairman of the Board, Gelco Corporation; *L.W. Lehr*, President, U.S. Operations 3M Company; *Dale R. Olseth*, President and CEO of Medtronic, Inc.; *Charles W. Poe, Jr.*, President, Metropolitan Economic Development Assn.; *Bernard H. Ridder, Jr.*, President, Ridder Publications; *Roy M. Svee*, Metro District Manager, Montgomery Ward; *C. Angus Wurtele*, Chairman of the Board, The Valspar Corporation.

Advisory Council—to column 21

Alum Institute—from column 2

Preceding the evening's dinner and his address, Mr. Terrell spoke to a group of Minnesota chief executives at a round table discussion presided over by George Pennock, retired Chairman of the Board of the Tennant Company, and Honorary Chairman of the Institute.

Three panel discussions presented by departments of the College began at 4:00 o'clock and ran until 5:30: The Proposed Master of Business Taxation Degree Program by the Department of Accounting; Intermediate Technologies of China presented by the Marketing Department; Total Financial Planning for Executives by the Finance and Insurance Department.

A social hour between the afternoon panels and the dinner gave alumni, students, faculty and business friends a chance to see each other and chat. The annual event of the Business Alumni Association, held at the Radisson South, was supported by sixty-seven Minnesota business firms.

Copies of Mr. Terrell's address will be available upon request from the Research Division after December 1.



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Mary Louise Hill, Editor
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Donald Inland, Corporate Planning Staff Consultant, Northern States Power Co. at Marketing Dept. Panel



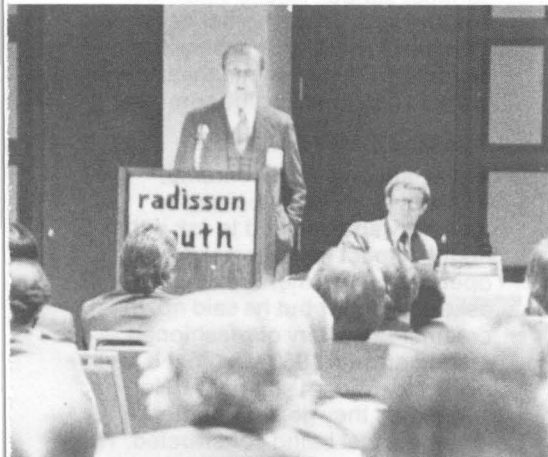
George T. Pennock, Honorary Chairman Alumni Institute (retired chm. of the board, The Tennant Co.)



Acct. Dept. Panel, Alumni Institute. L to R: Fred Jacobs, Asst. Prof., Acct. Dept.; Ralph Ebbott, Vice Pres. & Treasurer, 3M; Fred Bassinger, Partner-in-charge, Haskins & Sells

Scenes from Alumni Institute

Richard L. Terrell at roundtable for top executives at 24th Annual Alumni Institute November 2, 1977



Finance Dept. Panel Alumni Institute November 2, 1977. L to R: Gerald L. Reichwald, Vice President, First Natl. Bank of Mpls.; Robert LaBat, President, Creative Financial Companies



Jim Brandt; President CBA Alumni Assn. at Alumni Institute November 2, 1977

Faculty Members Visit Eastern Europe

"The outstanding impressions that I received were: first, the general backwardness of the economy, I would guess 30 to 50 years behind ours; Second, the contrast between backwardness and modernity that existed side by side. For example, we saw a nine bottom plow going through massive Ukrainian fields, yet at the same time men and women were cutting grain with a scythe in a small field less than a mile away." This summed up the general impression of two College of Business faculty members, Professors Bruce Erickson and Peter Rosko, of their five week tour through eight East European Communist countries including Russia this summer.

They rented a car and began their trip in Berlin, East Germany, spending one day there on their way to Poland where they spent four days, then crossing into Russia where they spent ten days. Crossing from one Communist country to another took considerable time but the border crossing from Poland to Russia was the worst, taking seven hours. "They searched underneath the car while it straddled a pit. They probed around with wires, pushed wires into the gas tank and the engine compartment, they took the dash board apart and probed behind it, took the back seat out," Rosko said. Apparently they were worried about drugs, arms, money or other valuables being smuggled in. "I suppose they want to keep as much of the economy under their control as possible and not have a large supply of western articles or money floating around," Erickson thought.

The border crossing from Russia to Romania was equally arduous, taking three hours. The Russian custom officials searched Professor Erickson's and Professor Rosko's car, searched for diaries, books and anything with writing on it. The custom officials also went through their wallets, looking at every tiny piece of paper and even leafed through every book the two Professors brought, examining each page separately.

From Romania the two professors crossed into Bulgaria. Border crossings in Eastern Europe were generally shorter than in Russia; from Romania to Bulgaria a couple of hours; an hour from Bulgaria to Yugoslavia; about ten minutes to cross from Yugoslavia to Austria; an hour crossing from Austria to Czechoslovakia; again several hours from Czechoslovakia into Hungary. "The contrast was marked, when we flew out of Hungary, they practically kicked us out, they didn't even check our bags," Rosko and Erickson said.

ACADEMIC FREEDOM

In Poland they talked to two professors. Erickson and Rosko believe that the Polish professors felt relatively free to say what they wanted. The Poles observed that one had to couch one's comments rather carefully so that one did not appear to be an anti-government dissident, but if a person was clever in the way he said things, he could successfully say what he believed. The Poles also believed there was a considerable gap between what they know professionally and their ability to influence the government; since the government was very politically oriented many of the policies the professors advocated were not perceived as politically desirable by the government and the two Polish professors claimed that they had great difficulty getting their ideas implemented. The Polish educators also indicated that there were serious social problems in the many new factory towns that dot the Polish landscape. There was new housing and the material goods needed for life were provided by the government, but there was little culture or sports, and a lack of things to do, all of which caused dissatisfaction and such signals of social dislocation as drunkenness. The Polish professors were concerned about alleviating those social problems, but they said that the political authorities were not always very cooperative. Erickson and Rosko felt there was a lack of communication

between academics and government in all the Eastern European countries since there were many cities being built to staff the new factories, most of which appeared to be deficient in cultural and recreational facilities.

There is a tendency at the Communist universities for professors not to have contact with the populace. Like many of their American counterparts, professors in Eastern Europe often do not write for the popular press, but for each other. The Polish professors did have free access to western magazines and they showed Erickson and Rosko their library with its large number of American and western European magazines. The Polish professors were also quite free to travel to western European countries and to the U.S. if the opportunity arose. While funds for travel were short, their travel or attendance at meetings was not otherwise restricted.

East European universities were quiet during the summer, since they do not have an equivalent of our summer school. Rosko said most cultural activities, whether associated with the University or not were at a standstill. The ballet and theatre were also closed down for the summer.

BUSINESS AND INDUSTRY

In a small town in the Ukraine, Erickson and Rosko passed a creamery and decided to ask if they might inspect the creamery's operation. They met the director and asked for a tour but he said no, the creamery was very old-fashioned, started around 1950, and that it was not up to modern standards. He suggested they go see another creamery just being constructed. The American professors replied that they did not want to see a building in construction, but wanted to see an operating facility. They pressed the Director but he did not give in. He gave the two American professors samples of the creamery's products, some ice cream, milk and yogurt, but no tour.

The director courteously discussed his, and the factory's position with the Americans for more than an hour. The director's salary was around 250 rubles, about \$300 per month. The director was required to go to creamery school for seven years where he received very specialized training incorporating a long process of scientific and technical training rather than the management training that his American counterpart probably would receive.

The average factory worker in Russia receives between 185 and 210 rubles per month. (The official exchange rate is about \$1.30 per ruble). A female doctor said she made about ninety rubles a month. Medicine is a low-paid occupation in Russia, but Erickson was surprised that the doctor made so much less than the average factory worker. Factory workers indicated that they should be paid more highly than white-collar workers who don't work with their hands, because physical work is harder than mental work. Factory workers do receive more and they like that! However, the managers did get slightly more than the average factory worker. "The highest salary we heard about was a colonel in the army who made 300 rubles a month. Generally the salaries seem to be in the range of 150 to 200 rubles a month.

"The salaries aren't as important however, as where you can shop because some shops have all kinds of articles and some do not. So if you have privileged access to a special shop, you can buy higher quality products, often at discount prices, and managers are typically granted access to the special shops," Erickson said.

Apparently the Russian government manufactures blue jeans but they are of such poor quality that people prefer the western ones; everybody wanted American blue jeans and gum. "One thing that really struck us was the price of calculators. A hand calculator that would cost about \$20 in the U.S. was \$200 to \$300 in Russia. Made us wish we had brought a bunch of \$10 calculators along," Rosko said. Food appeared to be relatively inexpensive. Anything that is manufactured is relatively expensive. "There is huge

traffic in blackmarket money in most east European countries. No matter where you were, somebody would offer you a special deal. In Poland we were offered about four times the official exchange rate and probably could have gotten five times if we had pressed for it," the two American professors noted. Apparently Eastern Europeans use the foreign exchange to shop for blue jeans and other western goods in foreign exchange shops. Some accumulate western currency in order to buy more expensive items, especially automobiles. In Russia, it takes a two to four year waiting period for most cars, but if you pay for it in western currency, you can get it immediately and at a lower price. Cars are so short and the waiting lines are so long for them that you can sell the car after you have used it for a year for more than you paid for it.

LIFE IN EASTERN EUROPE

The average Russian woman spends two hours a day or about fourteen hours a week shopping for groceries. Part of the problem is that in every store you must get into line at least two or three times. First you go to the counter and decide what you want. After deciding what you wish to purchase, you then go to the cashier and tell her what you are going to buy and how much it costs and then you pay for it. After getting a receipt from her, you then return to the counter and pick up your purchases. While this procedure occurs throughout Eastern Europe, it is carried out with a special inefficiency in Russia. Rosko said that the one generalization he would make is that except for bread, every other Russian product is of distinctly poor quality by Western standards. Labor productivity is low and the goods are crude and of poor quality, color and texture. But the quality of Russian goods perhaps should be understood within its context, compared to the quality twenty to fifty years ago, not to western standards. As evidence of Eastern European problems with product quality, Erickson and Rosko said that in new hotels the tile would be coming loose from the floor, the plumbing was exposed, the shower

often would not function in the morning and the elevators would not work or would break down frequently. In Russia you could go into a first-class restaurant where they would give the customer a large menu but only a limited number of items on the menu would actually be available. The newest Russian five year plan emphasizes product quality much more than before and one could see the slogans on signs stressing quality and effectiveness.

After conversing with many Eastern Europeans, Erickson and Rosko indicated that except for persons living near the Russian border, most eastern Europeans were anti-Russian. Even those who did not like Communism, however, tended to like government ownership of large factories. What they seemed to want most was more freedom to set up their own small businesses rather than private ownership of large businesses. Erickson felt that people had a considerable sense of economic security because of low rents, government subsidization of food prices, and apparent government policies preventing most people from being fired from their jobs, but there was not much sense of personal security since the state could always find something that you were doing that was illegal if it wanted to. Both Erickson and Rosko had the feeling that everyone was playing some sort of angle—from blackmarket operations to stealing government property—in order to survive economically in a system where pay was low and prices high.

The most dramatic restriction of movement that we found was when we met an American couple of Ukrainian background who had been in Russia for several years, working for an American company doing work for the Russian government. They were not allowed out of the city where they were assigned even though they would live there for at least four years. And if they wanted to leave the city they had to get special permission from the government. Several of their American friends had been shipped out of

Eastern Europe—to column 16

Eastern Europe—from column 15

Russia because they made mildly anti-Russian remarks. The couple indicated that if one was polite and courteous and minded ones own business, one could remain in Russia without difficulty. If one gets a little bit out of line though, trouble will quickly be forthcoming.

Erickson and Rosko had much more freedom of movement within the other eastern Communist countries than in Russia, where their movements from place to place, and the hotels at which they stayed were programmed in advance. When they were delayed at the Russian-Polish border, they were allowed to report the delay and to secure another hotel for the night. Because of the many pitfalls and problems that can befall a traveler in Russia and eastern Europe, Erickson and Rosko recommend escorted group travel for persons lacking competence in the relevant east European languages.

"We left eastern Europe with a sense that we had learned a great deal and that there was a widespread residue of goodwill toward America and Americans," Erickson observed. "But there is a palpable sense of totalitarianism and absence of freedom indicated not only by the drabness and lack of variety of material goods but also by an apparent lessening of the human spirit." "It was a relief to get home," Rosko added. □

Keeping Current with MEP

The Minnesota Executive Program (MEP) under the direction of Professor John J. Mauriel has entered its seventh successful year. It has twenty-six key executives representing twenty-four companies.

The Minnesota Executive Program is the first and only residential management program of its kind in the nation. It is designed for men and women who command key management positions. Specifically, this means anyone reporting to a chief executive officer, chief operating officer or to a general manager of an autonomous division of a multi-divisional corporation.

Corporate Strategy, the core of the six-week course, is taught by *Bernard L. Gross*, MEP Visiting Professor of Business Policy, Florida Atlantic University. Other program content includes Marketing Management and Strategy taught by *Richard N. Cardozo*, Professor of Marketing; Financial Management and Policy, *Roger B. Upson*, Associate Dean and Professor of Finance; Human Resources Planning and Management, *J. Clayton Lafferty*, President, Human Synergistics, Plymouth, Michigan; and new to the program this year is the introduction of Operations Management taught by *Roger G. Schroeder*, Professor of Management Science.

A new, special feature of MEP is the Strategy and Long Range Planning seminar scheduled for January 15, 16, 17, 1978. Major national and internationally known speakers will participate in this segment of MEP. In addition to the twenty-six MEP participants, twenty company presidents and planning officers will join the twenty-six regular MEP participants in case discussions, workshops and lecture sessions.

The dates and locations for the 1977-78 modules are:

September 18-29

Telemark Lodge

October 23-28

Bay Lake Ruttger's

November 27-December 2

Minnesuing Acres

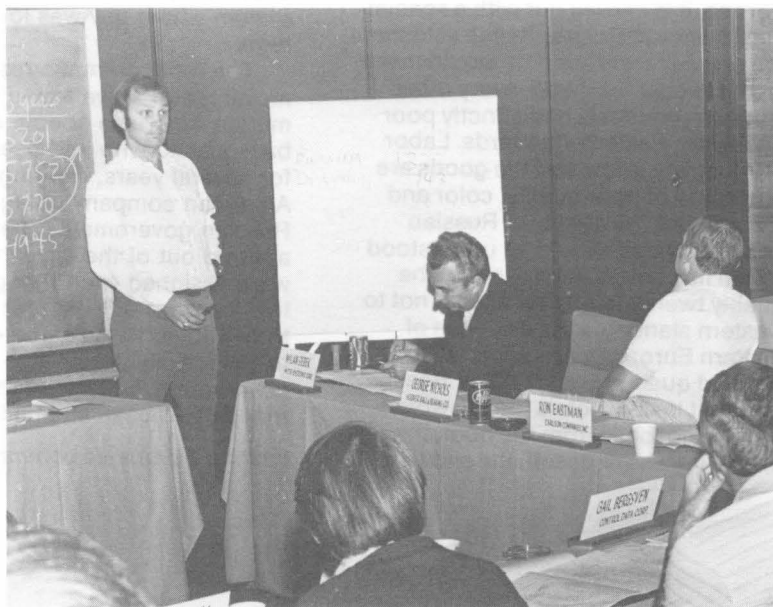
January 15-20

Spring Hill Center

February 7-10

with spouses, Marriott Inn,
Bloomington

For further information and dates for the 1978-79 Minnesota Executive Program, please call John J. Mauriel, 373-5634 or Janet Goodman, 373-3837. □



L to R: Richard J. Wallace, Nash Finch Company; R. F. Potach, George A. Hormel Company.

Professor Roger Schroder lecturing at September 18-29, 1977 MEP session at the Telemark Lodge

Placement Office Makes 1976-77 Report

Eighty-three percent of those CBA graduates actively looking for positions were placed by the August 31 cut-off date. That figure is up from the 75 percent success rate of 1975-76.

The average salary offer for the BSB-Regular degreed person was \$901 in 1976-77, up from \$858 the previous year. The average salary offer for the BSB-Accounting degreed person was \$1,008, up from \$958 last year.

The MBA degree salary offer average was \$1,337 for 1976-77, up from \$1,231. MA-IR average offer was \$1,330, up from \$1,189. MBA salary offers ranged from \$900-1,850. MA-IR salary offers ranged from \$960-1,600.

Public accounting salary offers averaged \$1,057, the highest average for Bachelors' degrees. The lowest salary offers averaged \$811, for Federal government positions. In the Masters' degrees positions the highest average salary offer was \$1,404 for electrical machinery and equipment employment. The lowest average salary offers were from Federal government employers at \$1,000.

The number of students registered with the Placement Office was 857. Of this number 570 were placed by the end of August, 67 percent of those registered, or 83 percent of those actively seeking positions.

From Summer session 1976 through June 1977, 661 Bachelors degrees were earned, 171 MBA degrees, 30 MA-IR, 12 Ph.D.s in Business and 4 Ph.D.s in Industrial Relations.

"The 1976-77 year saw an improvement in the placement of graduating business students over recent years. This year is somewhat uncertain but looks fairly promising at this point," Jan Windmeier, Placement Director said. □

Minority Intern Scholarships Announced

The Accounting Department Advisory Council of the College of Business Administration has announced the recipients of the 1977-78 Minority Business Administration Intern Scholarships.

The recipients are:

- Ms. Sandra Bland
1977 Graduate of Marshall High
- Ms. Mary Bryant
1977 Graduate of St. Paul
Washington
- Mr. Ronald Davis
1977 Graduate of Richfield High
- Mr. Eddie Esaw, III
1977 Graduate of Minneapolis North
Community High
- Ms. Victoria Hopwood
1977 Graduate of St. Paul Central
- Mr. Anthony Williams
1977 Graduate of St. Paul Harding
- Ms. Tracy Wilson
1977 Graduate of Minneapolis
Central

These students were selected from applications received from many of the metropolitan area schools. The screening committee which interviewed each applicant consisted of Mr. Terry Whittaker, counselor of Business Administration; Ms. Alfreda Garibaldi, the director of Upward Bound at Macalester College; Mr. Donald Lapp, the director of desegregation of the Minneapolis North Area High Schools; Dr. Virginia Flores, Head of Guidance in the St. Paul High Schools; Mr. Charles Oase, Controller of Donaldson Division; and Professor Robert K. Zimmer, Chairman of the Accounting Department. The selection was based on academic performance during the students' high school years and general aptitude for a career in Business.

Each recipient will receive a cash scholarship and be able to participate in a summer internship program. In addition, the recipients will be given guidance by the Accounting Department and other faculty members in the College of Business Administration.

The scholarships and summer employment have been made possible by many Minneapolis and St. Paul companies. The following companies have contributed to support the 1977-78 program:

- Litton Cooking Products
- Graco Foundation
- Onan Corporation
- Toro Company
- Turbodyne Corporation
- The Donaldson Foundation
- The Josten's Foundation

Many other companies have expressed an interest in participation in the program. As funding is available, additional scholarships will be given in the future.

The candidates for new scholarships in the future will be selected from high school graduates. Programs are being established at the high school level to provide the proper preparation for students interested in a business career. □

Advisory Council—from column 5

Continuing members of the Council are: *Edward W. Asplin*, Vice Chairman, Bemis Company; *Curtis L. Carlson*, President and Board Chairman, Carlson Companies; *Robert C. Cosgrove*, Chairman of the Board, Green Giant; *William A. Hodder*, President, Donaldson Company, Inc.; *Ronald M. Hubbs*, Retired Chairman and former President, The St. Paul Companies; *Karl J. Ladner*, Treasurer, Mayo Foundation Board of Trustees; *W.J. Madden*, Madden Lodge Gull Lake; *John W. Morrison*, Chairman and CEO, NW National Bank; *Leonard H. Murray*, President, Soo Line Railroad; *John H. Myers*, Assistant to the President, St. John's University; *Don Padilla*, Chairman and CEO, Padilla and Speer; *George T. Pennock*, Retired President, Tennant Company; *William G. Phillips*, Chairman of the Board, International Multifoods; *Fred M. Seed*, Retired President, Cargill; *E. Palmer Tang*, Partner in Charge, Touche Ross; *F.T. Weyerhaeuser*, President, Conwed Corporation and *Wheelock Whitney*, Chairman of the Board, Johnson Institute. □

**Century
Council
Highlights**

**Business Problem
Clinic Held**

The impact of inflation on business decisions, and ways in which the merits of the free enterprise system could be taught more widely and effectively were the two principal problems discussed at the Century Council's November 15 business problem clinic. The clinic is part of a program to develop closer relationships between the business school and Century Council members.

The discussion of the impact of inflation on business decisions included the ways that companies have adjusted their pricing, internal reporting, capital budgeting, long range planning, and dividend policies to allow for prospective inflation. The participants considered differing methods used in various industries. In the discussion of teaching about the free enterprise system, participants expressed their concern about the apparent economic illiteracy of large segments of the population, particularly high school students. The discussion included analysis of various possible causes of this situation, and a review of actions that are and could be taken to improve the situation.

The problem clinic evolved from discussions between Century Council members Richar L. Murlowski, Vice President, Soo Line Railroad, and Roger B. Upson, Associate Dean of the Business School. It was modelled along the lines of a similar successful clinic held at the Chief Executives Seminar—part of the Minnesota Executive Program— early in 1977. Faculty members participating in the Century Council problem clinic were Professors Del Hastings and John Mauriel. Dean Upson was the moderator of the session.

ALUMNI UPDATE

In response to the request for personal information on the Alumni page in the September issue of the *Business News*, we received the following update information. Many also indicated a desire to join the Alumni Association and to become more active as CBA alumni. Jim Brandt, CBA Alumni President, was delighted with the response and will be sending membership information to those who requested it. Periodically we will be printing a form for you to complete to bring your college classmates up to date on your activities and whereabouts, but please do not hesitate to let us know about any news at any time.

1928

ROBERT E. BORDEN is a principal with Robert E. Borden & Associates in Chicago and is currently the Director for the Vision Conservation Institute.

1929

FRED G. PEDERSON is retired and living in Venice, Florida.

1932

CATHERINE COSGROVE HALLBERG was an investment counselor for Johnson & Jagerquist in New York City and now does investment counseling in Newport Beach, California for self and family.

1934

HELEN KANNE ARNOTT helped establish the Sun City, Arizona chapter of M.A.A. and is actively involved with this organization. She and her husband, Hermon are enjoying their retirement home.

1935

ARNIE E. BONNICKSEN, retired manager of the Seed & Bean Division of the Western Farmers Ass'n in Seattle Washington is currently Executive Secretary & Treasurer of the Merion Bluegrass Ass'n, a trade association.

1936

ALAN K. RUVELSON is President of the First Midwest Corporation in St. Paul and First Vice President of the Minnesota Alumni Association.

1938

HERMAN D. GORDON has retired and now lives in LaJolla, California.

CLINTON T. JOHNSON is currently the Assistant Vice President and Treasurer of the University of Minnesota.

HAROLD J. SMITH is vice president and secretary for Tradehome Shoe Stores, Inc., in St. Paul.

W. J. MORCOM, deceased 1977.

1940

MORTON C. MOSIMAN is president of Deferred Compensation Administrators, Inc. in Minneapolis.

1941

JOHN A. MAYERLE resides in St. Paul and is President of Juran & Moody, Inc. and Chairman of the Board of All National Insurance Company.

ROBERT J. HANSON is Vice President of Consumers Gasoline Stations, Inc. in Nashville, Tennessee.

1943

JAMES S. OGARD, deceased 1975. Formerly manager of Red River Co-op Power Association, Halstad, Minnesota.

1944

ROBERT E. FLEMING is living in Lexington, Kentucky and is a representative for Investors Diversified Services (IDS).

1945

BETTY JEAN LATICK KNUDSOM is employed as a CPA by Boodell, Singer, Fuhriman & Kuskiman in Lafayette, California.

1947

PAUL F. REED lives in Franklin Lakes, New Jersey and is Director of Church Building & Financing for the Lutheran Church in America after early retirement from NCR Corporation.

1949

WILLIAM J. DEIL owns and operates a Western Auto Association Stores in Duluth, Georgia. His wife, Mary Jean, is also a 1949 graduate.

ALVIN A. RAHN is the Senior Vice President & Treasurer of First Bank System, Inc. in Minneapolis.

PAUL W. WILKE, JR. is President and CEO of the Bank of Nevada, Las Vegas.

1950

DENNIS W. DUNNE is President of the First National Bank of Duluth in Minnesota.

FRANK H. PERRY is employed as an industrial engineer at Honeywell in Minneapolis.

1953

CLIFFORD E. ALEXANDER is President of Management Computer Services, Inc. for Hewitt Associates in Scottsdale, Arizona.

ROBERT J. TIMM is currently Financial Vice President of Real Estate Development for R.L. Johnson Investment Co., Inc. in St. Paul.

1954

LARRY L. SCHNEIDER is Vice President of Finance for the Vermont American Corporation in Prospect, Kentucky.

1955

DONALD R. NILES is an attorney in Fort Lauderdale, Florida.

JAMES W. MORGAN is the District Agent for Northwestern Mutual Life Insurance Co. and lives in Woodbury, Minnesota.

LAURI A. WILEN, MBA, Rollins College, Winter Park, Florida, is Assistant Treasurer for the Associated Coca-Cola Bottling Co., Inc., in Daytona Beach, Florida.

1957

WILLIAM J. OXTON is Controller at the Getzen Co., Inc. in Elkhorn, WI.

1958

GEORGE R. SLENTZ, PhD, 1962 Columbia, is currently Managing Director for the AMC Corp. in Conroe, Texas.

1959

MARTIN M. BOEHNE is a Sales Representative for General Foods in St. Paul.

1960

DONALD C. BRANDVOLD is President and CEO of Branchemco, Inc. in Jacksonville, Florida.

1961

DONALD A. BERGLUND, MBA 1975, is currently Manager of Operations Management Dept. for Magnetic Peripherals, Inc. and resides in Bloomington, Minnesota.

RICHARD D. KAMPA is the Area Manager for Latin America for Motorola, Inc., Communications International Div., and resides in Boca Raton, Florida.

JAMES N. ROSSE, PhD 1966, is Professor and Chairman of the Department of Economics at Stanford University.

1963

KENNETH M. BEHM is President of the Home State Bank of Kandiyohi, MN.

1964

GARY L. CARLSON is Vice President & Branch Manager of Engler & Budd Co., Investment Bankers in Minneapolis.

1967

W. MICHAEL ADAMS is Vice President and a Registered Representative for Piper Jaffray & Hopwood and lives in Afton, Minnesota.

1968

ROBERT C. PETERSON, MBA, Northwestern University 1972, is currently Assistant Vice President of Commercial Loans at the National Bank of Detroit and teaches an evening class in macro-economics at Henry Ford Community College in Dearborn, Michigan.

GREG F. STROBL, MBA 1969, JD University of Texas Law School, 1975, is currently an Attorney at Law with Cargill, Inc. and lives in Excelsior, Minnesota.

WILLIAM G. CORNELIUS, MBA 1970, PhD 1973, has been named Director of the MBA Program at the College of Business Administration of the University of Florida where he has taught since 1973 when he completed his PhD Program at Minnesota.

1969

DUANE D. LAMBRECHT is Branch Manager of DG Shelter Products in New Ulm, MN.

BARRY K. MEYER, LLB U of M, 1975, is an attorney with Krass, Manahan, Meyer & Kanning and lives in Prior Lake, Minnesota.

WILLIAM A. TETZLAFF is Economic Development Assistant for the City of Minneapolis Industrial Development Commission.

1970

DANIEL L. BEN-ASHER, MA-IR, is a staff member on the Committee on Labor, New Jersey General Assembly, New Jersey Law Revision & Legislative Services.

W. JOHN LICKE, JD 1973, acts as General Counsel for Blandin Paper Co. in Grand Rapids, Minnesota.

1971

DAVID L. BEARMAN is owner/manager of Towey Drug Co. in St. Paul.

RICHARD E. KATZ is Director of Personnel Administration for Bullock's Department Stores in Los Angeles.

1973

SCOTT R. JENSEN, MA University of Indiana, 1975, is currently a teacher in Economics and English at Breck School in Minneapolis.

H.J. KILSDONK, MBA, is currently Manager of Product Line Mgm't for Magnetic Peripherals Inc., Minneapolis.

JEFFREY R. SWANSON is Office Manager for Packaged Furniture & Carpet Co. in Eagan, Minnesota.

JOHN E. TESKE is Senior Accountant, Payroll Dept. for Super Valu Stores, Inc.

JOHN M. TRAEGER is currently Supervisor of Cost Accounting for Gould, Inc., Measurement Systems Div. in Thousand Oaks, California.

1973

PHILLIP H. ZUIDEMA is a Sales Representative for Packaging Corp. of America, a Tenneco Company, in Springboro, Ohio.

1974

MAURICE H. JONES JR. is currently Assistant Vice President & Marketing Director at Metropolitan Federal Savings & Loan Association in Fargo, ND.

H. JAMES LEES, MBA, is a Quantitative Research Analyst for First Bank System, Inc. in Minneapolis.

JOEL A. SCHLEICHER is a Senior Accountant with Peat, Marwick, Mitchell & Co., in Minneapolis.

MICHAEL F. STYBA is the Manager in Pipestone, Minnesota for Northwestern Bell.

Alumni Update – From Column 27

MARCIA L. WARD is co-owner and President of Tasca Ward Tire, Inc. in LaCrosse, Wisconsin.

1975

BARBARA NESHEIM MOWRY, MBA, is Assistant to Vice President of Accounting Operations with United Airlines in Chicago.

CHARLES M. OSBORNE is a tax specialist with Haskins & Sells, CPAs, and lives in Stillwater, Minnesota.

1976

THOMAS J. HAUSCHILD is Sales Manager for Portfolio Companies in Minneapolis.

GEOFFREY W. MILLER is an accountant with Inland Steel Mining Co. in Duluth, Minnesota.

THOMAS A. PIERI is a Mortgage Consultant with Minnesota Federal Savings & Loan in Elk River, Minnesota.

DAVID C. RECKER, MBA, is Manager of Distributor Development with the Onan Corp. in Minneapolis.

1977

PATRICK H. KOHLER is transportation Manager for Kohler Mix Specialties, Inc. in White Bear Lake, Minnesota. □

Quarterly Alumni Lectures Scheduled

George O'Connell, Associate Professor of Industrial Relations and Director of Labor and Urban Affairs, gave the October 26 address in which he discussed the Occupational Safety and Health Act.

The Role of Independent Auditors in Society is the subject of the next Quarterly Alumni Lecture scheduled for February 1. Robert Hamilton, Assistant Professor of Accounting, will be the speaker.

Beta Gamma Sigma Distinguished Scholar Professor Ira Horowitz, Chairman of the Department of Management of the University of Florida, will be the May 5 speaker. His topic will be Management in a (Partially) Regulated Economy.

Three of the four Quarterly Alumni Lectures are given by our own college faculty. The fourth is given by a distinguished scholar from outside the college. Single copies of the lectures are available at no charge from the Research Division.

Reservations for the luncheon and lecture may be made by calling the Alumni Services Office of the college at 373-4174 one week before each lecture. □

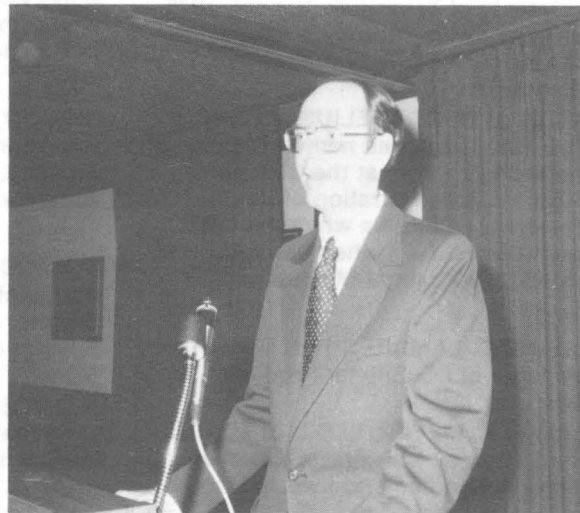
Business Survey—from column 3

Further Expansion Likely

Thirty-six percent of manufacturers reported that new orders were higher in November than in August. This is an improvement over the twenty-nine percent experiencing an increase in the August survey. The proportion of manufacturers reporting decreasing new orders has remained even at 26 to 27 percent. On balance then, new orders are increasing, an indication that the business expansion will continue into 1978.

The prospects for continued expansion are helped by signs of slightly lessening inflationary pressures. Fewer manufacturers and fewer retailers reported paying higher prices in November than in August, and more manufacturers reported increased production than reported increased employment. These signs of diminishing inflation and possibly increasing productivity are welcome but they are still far from being a dominant theme, because more than half of both manufacturers and retailers report higher prices for their purchases.

This report was prepared by Ms. Cathie Michlitsch, Graduate Assistant, under the supervision of Professor Roger B. Upson. This quarterly survey is based on the responses of a panel of 149 Minnesota retailers and manufacturers. Copies of the Report are available from the Research Division by calling 373-4482. □



George O'Connell at October 26, 1977 Quarterly Alumni Lecture

Weitzel's Reactions to Norwegian Stay

Professor William Weitzel of the Industrial Relations Department took a leave of absence last year to teach at the North European Management Institute (NEMI) in Oslo, Norway, from August 1976 to July 1977. Bill lived in Oslo along with his family.

The NEMI teaching program is designed for the practicing middle manager and patterned after the Harvard Advanced Management Program. It lasts for four months and is a live-in program. There were three other visiting professors at NEMI who made up the core faculty (in Finance, Accounting, and Marketing). In addition to teaching in this program, Bill taught short courses and designed other programs for NEMI. He also worked with managers from 16 businesses in the city of Trondheim in northwestern Norway.

Professor Weitzel's Account

"Wow! This is the most beautiful country I have ever seen. Everywhere you turn there is another magnificent view of mountains, waterfalls, beautiful lakes, picturesque towns and villages, forests of tall Norway pines, ski and hiking trails through unspoiled wilderness areas and the most active and hardy group of pleasant people you would ever want to meet. My initial anxiety about being in a foreign country was soon forgotten in the face of the beauty, the differences between the U.S. and Norway, and the pressures of trying to teach Organization Behavior in English to a group of student-managers who represented Norway, Sweden, Finland, Denmark, Holland, Iran and Tanzania. In addition to teaching I also had the opportunity to work with issues and problems from a number of different Norwegian firms and one American company subsidiary. It was a year that I will long remember for a number of reasons.

I observed that among the Norwegians with whom I interacted, there was a highly international outlook on virtually every issue. Perhaps this was due to their reliance upon imports for a large proportion of their goods. It appeared that fully

three out of four persons could speak English and that was fortunate for me. The news coverage dealt heavily with the world outside Norway—in Europe and elsewhere in the world. Those in business always related their problems to similar problems in companies in other countries. Yet coupled with this internationalism, there was an extremely strong chauvinistic attitude of the people expressed by their affinity for using their flag, in the nationalistic parades, in their museums commemorating Norwegian historical events as well as in presenting art and other expressions of their culture.

It was very clear that for the Norwegian, there was a difference between being a Norwegian and being from any other Scandinavian or European country. Perhaps this is due to their relative youth as a nation but I think it goes further than that and is a function of the degree of individualism still found in this socialistic democracy.

Another thing which interested me was the obvious difference between the assumptions made by those who had internalized the philosophy of the social democracy. Business has a place in the country—it is there to provide jobs for the population. The making of profit is desirable for it provides a greater base for the collection of taxes. The degree of difference between after taxes wages for those with the highest pay and those with the lowest pay is the smallest in the western world. The level of unemployment is less than one (1) percent. Wealth is considered to be for all of the people. One expression of this is that Norway gives the largest amount of aid to other countries (figuring this on a per capita basis).

But I noticed another thing in this social democracy which disturbed me. The business person was very reluctant to speak out on the issues of the day, particularly if the views to be expressed were at variance with those of the party in power. If it were ever necessary to have help from the government in keeping one's business solvent (a practice which the

government engages in, in order to maintain the high levels of employment), the business person is afraid that criticism of present government policies or practices would prevent government help. Further there are many government agencies which control access to permits required to continue to carry out the business enterprise and it is often an expressed fear of the business person that criticism of government positions may make obtaining these permits more difficult or impossible.

The experiment of the socialistic democracy, with its dependency upon the government for planning seems to contain other undesirable side effects as well. According to the banking community, there will be an increasing reduction of private venture capital available to the business sector. There is also little increase in productivity and productive capacity. These increases hardly keep pace with the increases in benefits and personal services being offered to employees. Fortunately, Norway has offshore oil to prop up the economy but even with this additional source of revenue, there is double digit inflation influencing virtually every aspect of life.

There were many opportunities to observe the Norwegian approach to living and life. There is a heavy emphasis on family life, entertainment in the home, outdoor activities such as skiing and jogging and working to live as opposed to living to work.

I found my stay in Norway a time when I was able to get together with my family to build those relationships—something which our way of life in the United States seems to make more difficult. It was a year of setting priorities in my home life and my professional life. It was a time of trying out new approaches to teaching—experiential approaches—and finding that I could do this very well. As with any good leave of absence, it was a time of personal renewal which I hope will enable me to be more productive now that I have returned to Minnesota." □

“Why Not Deregulate Bank Debt Capital?” by Paul F. Jessup and Mary Bochnak, Reprint No. 160. Reprinted from *Financial Management*, Winter 1976.

Profit-maximizing nonbanking firms often use debt financing as a source of funds. Long-term debt financing is part of the firms' overall capital structure. In making these financing decisions, financial managers analyze expected investment returns, costs and risks of alternate sources of funds, and the impact on owner wealth. By contrast banks are subject to detailed supervisory regulation of bank entry, exit and daily operations including stringent regulations on bank debt capital.

A financial manager of a nonbanking firm generally does not face the detailed regulatory constraints that confront bankers. Subject principally to market discipline, he or she manages the firm's capital structure and negotiates diverse terms for securities offerings and redemptions. Why not rely on similar market discipline for financial management of banks and bank holding companies? Are there practical alternatives to the kind of detailed regulation and supervision banks undergo?

The authors conclude revised regulatory policies and other important changes may, either individually or in combination, contribute toward deregulation of senior debt capital of large banks. Yet, these factors will have limited impact, at least in the short-run, on the majority of the nation's banks, which are small and closely held. Only long-term structural changes in the nation's banking system will likely lead to general deregulation of bank capital structure decisions.

“Money Market Mutual Funds; Their Impact on Banks” by Paul F. Jessup and Mary Bochnak, Reprint No. 161. Reprinted from *Bank Administration*, September 1977.

This article examines money market mutual funds, virtually unknown five years ago, now a multibillion dollar industry and their impact on banks.

The practices and potential growth of the MMMFs are destined to affect banks of all sizes, and therefore each bank needs to anticipate how the funds will likely affect its deposit flows and its liquidity management, the authors stress. Also, bankers and bank regulatory officials need to examine how these funds will likely trigger changes in the banking system.

In essence MMMFs constitute a new financial intermediary, which provides its stockholders with diverse benefits, but with related operating costs. The new economic benefits of this extra layer of intermediation would quickly diminish if banks were freed from interest rate ceilings on small time and savings deposits. Banks of all sizes could then directly compete as intermediaries for small savers.

“An Algorithm for Deriving the Capital Market Line” by Gordon J. Alexander, Reprint No. 162. Reprinted from *Management Science*, Vol. 23, No. 11, July 1977.

This paper examines the problem of deriving the tangent (or market) portfolio from a given set of risky assets and a specified risk-free borrowing and lending rate. Deriving the tangent portfolio involves solving a mathematical programming problem which can be specified as the minimization of a quadratic objective function with linear constraints.

The complementary pivot algorithm has previously been shown to be capable of deriving the optimal solution to certain quadratic programming problems, subject to a nonnegativity constraint. This paper demonstrates that the algorithm can be used to derive the tangent portfolio and that the nonnegativity constraint does not pose any serious handicap. Furthermore, it is shown that the algorithm can efficiently solve large-scale problems of this nature.

“Motor Carrier Size and Profitability” by James P. Rakowski, Reprint No. 163. Reprinted from *Transportation Journal*, Vol. 16, No. 4, Summer 1977.

This paper attempts to analyze efficiency and profitability differences according to firm size within a segment of the United States' trucking

industry. It is a topic of current importance because of the great structural changes that could occur in the motor carrier industry if proposed regulatory changes become law.

If larger firms are in fact more efficient, then the existing regulatory structure would probably best serve the public interest and the nation's need for a dependable, efficient trucking service. If major entry and rate deregulation were to take place, this would probably tend to further atomize what is already a very fragmented industry. If small firms can be as efficient as the largest companies and offer similar service levels, then the public should be no worse off under deregulation.

“The Effect of Situational vs. Behavioral Problem Statements on Solution Quality” by Allen R. Solem, Reprint No. 164. Reprinted from *Human Relations*, Vol. 20, No. 3, 1976.

This experiment explores whether the manner in which a problem is stated to a group influences the nature of the solution. Groups of three, including a discussion leader—member, were asked to develop at least two solutions toward improving output of a circular five-man assembly line. Productivity is limited to the pace of a slow man who must be retained. Many solutions are possible. One solution, rotation, is clearly superior to all others, yet is rarely developed.

Leaders were given one of four prepared problems statements to read aloud to their groups prior to 20-minute discussions. The statements differed primarily on a behavioral versus situational dimension.

Results indicate that problem statements designed to orient discussion toward situational factors significantly more often cause groups to develop the insightful solution than do behaviorally oriented problem statements. More generally, the results suggest that leader use of basic principles for stating problems can upgrade the quality of the group product.

"A Model of External Auditing: Signaling by Managers" by Robert E. Hamilton, *Working Paper No. 36*, July 1977.

Auditing activities use a large amount of an economy's resources. No carefully constructed proof shows why auditing is a preferred economy-wide activity or why auditing would take place in an economy. In this paper, a security pricing setting is constructed and managers of firms are free to choose whether or not to have audits before their firm's securities are priced.

The analysis indicates that when a proportion of the firms in the economy have issued publicly undetected biased reports there will be cases when auditing will take place. In these cases, an individual with a diversified portfolio will have a lower priced portfolio as the auditors are paid. The relative audit costs for biased and unbiased firms are the important condition underlying the model. Empirical descriptions of audit costs are shown to be important for answering questions about the supply of audit services.

Intertemporal stability of bias and a general equilibrium setting are discussed and implications for future research are suggested.

"Auditing Curricula in Graduate Programs" by Robert E. Hamilton, *Working Paper No. 37*, August 1977.

University graduate programs in accounting permit the presentation of specialized and advanced knowledge to mature students. Graduate students are expected to possess higher levels of prerequisite knowledge, nonacademic and/or academic experience and more readily perform critical thought processes directed towards problems and their resolution.

In this paper, the author explores the problem of designing auditing courses for graduate curricula. A classification of objectives for graduate auditing courses is presented and examples are provided to more clearly reference the nature of the classifications. In the last section an auditing research seminar is described in more detail.

"Information Economics VS Psychology: A Dialogue" by John Dickhaut, *Working Paper No. 38*, September 1977.

The purpose of this paper is to explore theoretically how it is possible for both the results of information economics and psychology to serve as explanatory and predictive bases when these modes of thought are applied to accounting settings. Ultimately the goal is to unravel knots which seem to exist because one many times finds these disciplines using entirely different terms, entirely different forms of analyses, and interpreting the same results differently.

It is not the purpose to suggest the abandonment of either of these subdisciplines but rather to suggest how if these subdisciplines conscientiously pursue the questions they have with respect to the other subdiscipline that there is some avenue for resolve and even the possibility of productive research efforts if these disciplines should decide to do research together.

"Purchasing Principles Revisited" by Rogene Buchholz and William Rudelius, *Center for Experimental Studies in Business No. 26*, October 1977.

The purchasing profession finds itself in the center of post-Watergate concern about ethics. Some feel that purchasing departments are largely responsible for improper payments in the form of bribes, kickbacks, gratuities, and other white-collar crimes.

The purchasing function, operating between a firm and outside suppliers, is to large extent a guardian of the company's reputation for honesty and fair dealing. Purchasers spend millions of dollars of their company's money each year, thus wielding tremendous economic power and under significant pressures, particularly in a gray area such as ethics, to bend the rules for their company's or their own benefit. A code of ethics, advocated by the National Association of Purchasing Management, is currently being revised to make it more relevant to today. This paper reports on a study developed to ascertain what revisions purchasers think are important as part of this revision.

Single copies of the reprints reviewed are available at no charge upon request from the Research Division, College of Business Administration, University of Minnesota, 271 19th Ave. So., Minneapolis, Mn. 55455. □

Continuing Business Education Plans for January-June '78

*Total of 45 individual presentations.

*Two of these are "courtesy listings" which, though of interest to the CBE audience, are being offered by other U of M Departments.

*Five topics are being offered in unusual time frames to accommodate special needs.

*Three are designed particularly for the small-to-medium-size organizations, others will serve a mixed audience.

*Three are for secretaries and executive assistants.

*Four are oriented to the special needs of the managerial woman.

January 24, 26, 31 February 2, 7	Preparing for the Certificate in Data Processing Exam	April 5	Teamwork: Making it Work Through Communication
January 26	Product Liability	April 6	The Meeting Moderator
January 31	Letter and Report Writing for Secretaries/Exec. Assistants	April 10 April 11	Speaking to an Audience Assessing the Health of Your Business
February 1	Speaking to an Audience	April 18,20	Interpersonal Communication for Secretaries/Exec. Assistants
February 7	Written Communication in Business	April 19, 20, 21	Management Development For Women
February 14, 15	Tools & Techniques of Effective Project Management	April 28	Effective Report Writing
February 15	Elements of Human Behavior for Secretaries/Exec. Assistants	May 2	Written Communication in Business
February 16	Managerial Decision-Making	May 3	Tasks of Management: The Total Picture (for Women)
February 16, 23	Reading: An Effective Timesaver	May 9, 10	Finance for Non-Financial Managers II
February 21	Data Processing & Information Systems	May 15	Managing Sales Personnel
February 27	Integrated Management: An Alternative to MBO	May 17	Effective Organizational Presentations
February 28	Effective Listening: Improving your Ear-Q	May 19	Marketing for Managers Without Marketing Training
March 1, 2, 3	Database Management: Seminar & Workshop	May 23	Introduction to Computers
March 6	Managing Conflict for Women in Business	May 25	Effective Listening: Improving Your Ear-Q
March 7	Time Management for Managers	May 30	Managerial Decision-Making
March 8	Assertiveness Training for Women in Business	May 31	One-To-One Communication in Management
March 13, 14	One-To-One Communication in Management	June 5	The Meeting Moderator
March 14	Better Management Through Executive and Secretary Team Communications	June 6	Personnel Issues for Non-Personnel Managers
March 16	Conflict Styles & Strategies in Business	June 8, 15	Reading: An Effective Time-Saver
March 27	Certified Employee Benefit Plan Program	June 19	Interpersonal Communication for Secretaries/Executive Assistants
March 29, 30	Finance for Non-Financial Managers I	June 21	Data Processing & Information Systems
April 4	Raising Employee Productivity: Mentoring	June 28	Assertiveness Training for Managers

Message from the Dean

Last year for the first time since the late fifties, the number of undergraduates enrolled in the College of Business Fall Quarter was less than it had been the preceding Fall. The higher admission standards introduced in Fall 1975 to bring our workload more into line with our resources caused this decline. This Fall our undergraduate enrollment is again slightly less than last year, 1454. The major explanation for this decrease is that the June, 1977 graduating class was the largest in history. On the other hand we admitted more students this Fall than last. Enrollment in our masters and doctoral programs have remained about 700 during the past two years. Because we tightened our

undergraduate programs admission standards and obtained some new resources during the past two years, our ability to serve the student has improved somewhat since Fall 1975. Our student-faculty ratio, however, remains the highest in the University. We must continue to seek a lowering of that ratio. In the meantime, our faculty and staff are endeavoring to make the students stay in CBA as productive and pleasant as possible.

Evaluating schools of business has become a popular pastime. As CBA alumni and friends of the College, you are no doubt interested in how our College fares in these evaluations. First a word of caution! These ratings should be interpreted with great care. The raters usually have limited information about most of the schools rated. In Addition, the criteria used in the rating are extremely difficult to define and to weigh. Nevertheless these evaluations do affect the College's image.

In the most careful rating to date, a 1976 survey by the Academic Senate of the University of California, Berkeley, our College of Business Administration ranked 24 among all business schools, 14 among public institutions. To put these numbers in perspective, you should know that there are over 600 business schools in the United States, almost 200 of which have been accredited by the American Assembly of Collegiate Schools of business. Clearly our College is one of the best. Our goal is to make it better.

C. Arthur Williams, Jr.

A calendar of Continuing Business offerings is available upon request.

Yes, I would like you to send me the January-June CBE Calendar

Name _____

Firm _____

Address _____

Mail to: Continuing Business Education, College of
Business Administration, University of Minnesota, 271
19th Ave. So., Mpls., MN 55455.

WHERE ARE YOUR CLASSMATES?

All of us, especially the longer we are out of school, wonder what has happened to the men and women with whom we spent much of four (or more) years.

The Alumni Board feels that your classmates also want to know about you and have, therefore, designed the following questionnaire. In subsequent issues, certain graduating classes will be highlighted with a brief sketch of each respondent.

Please fill out and return the questionnaire; feel free to give your editorial comments.

SEND TO: Ms. Mary Lou Hill, Assistant to the Dean
College of Business Administration
University of Minnesota
Minneapolis, MN 55455

Name _____
Last First Middle Initial or Former Name

ADDRESS _____
Street
City State Zip

YEAR OF GRADUATION _____

CURRENT EMPLOYER _____

CURRENT POSITION _____

INFORMATION YOU WOULD LIKE TO SHARE WITH YOUR CLASSMATES (MARITAL STATUS, CHILDREN, HOBBIES, HONORS, AWARDS, ETC.)

- I would like to join the Alumni Association (or find out more information about the benefits of membership).
- I would like to become more actively involved with the College or Alumni Association.
- I have an idea for an article for the BA Business News.



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