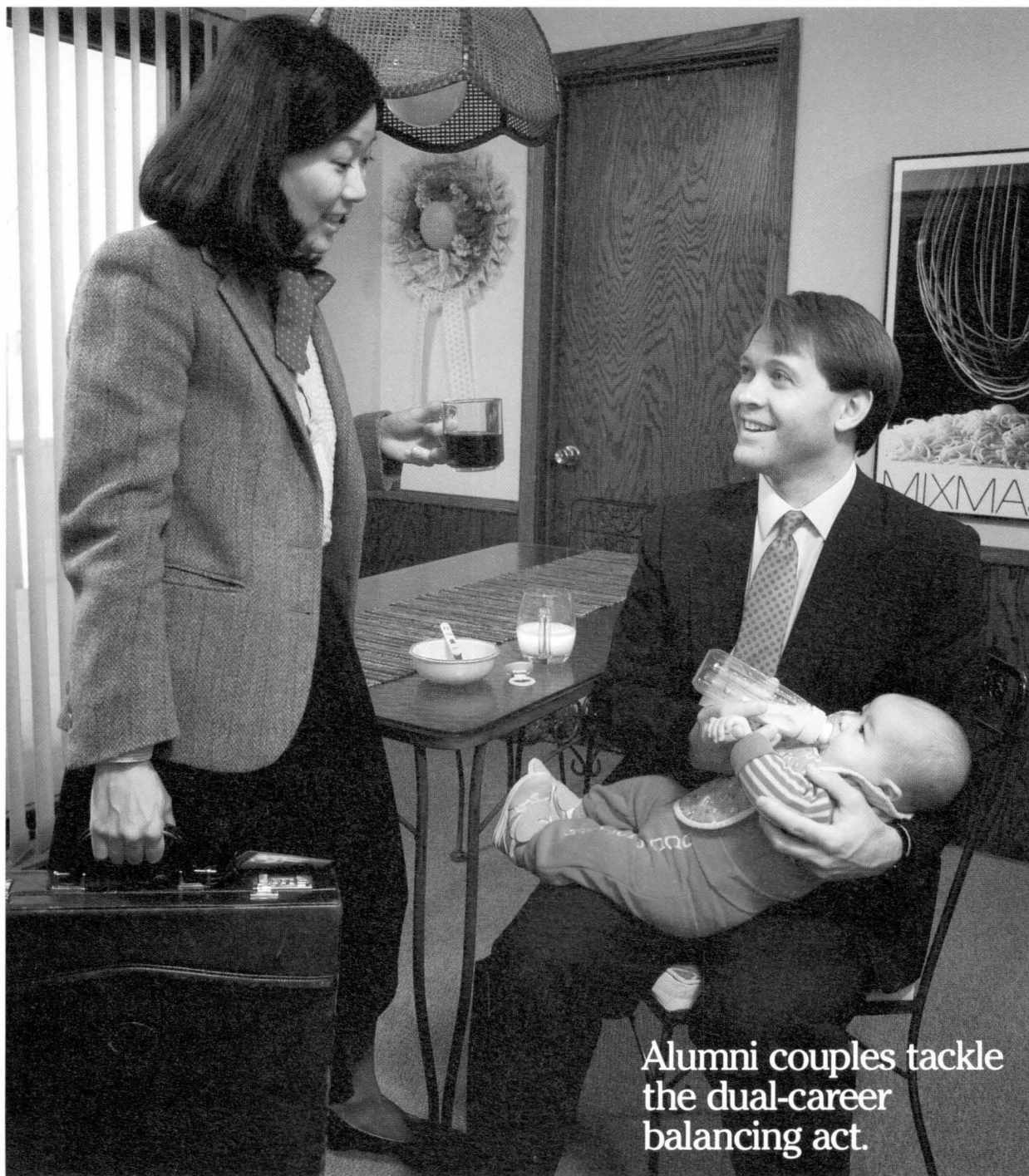


# Minnesota Management Review

Winter 1988



Alumni couples tackle  
the dual-career  
balancing act.

# Business Day 1988

April 19

University Radisson Hotel

## *Business and Government: Achieving a Balance*

Achieving a balanced relationship between business and government is a difficult but important challenge. Dynamics between the two are constantly changing, yet decisions made now affect our economy's vitality for years to come. The business-government relationship affects all aspects of society, making it crucial that a good balance is maintained.

This year's Business Day speakers and discussion sessions will address this important relationship. Throughout the day, you will be challenged to consider the roles of business and government, and to examine how they affect you.

## *You are invited*

As always, Carlson School alumni are cordially invited to attend all or part of this annual schoolwide event. Last year, 700 students, faculty and alumni, along with representatives of 60 sponsoring companies participated in Business Day. Don't miss this opportunity to exchange ideas and socialize with friends.

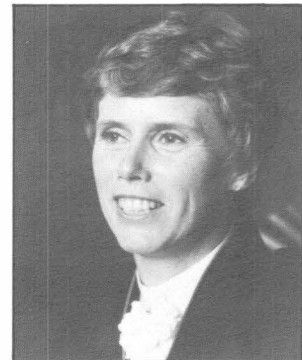
## *Concurrent discussion sessions*

- How government attracts business to Minnesota
- Doing business with the Federal Government: Accounting implications
- The Canada-U.S. Free Trade Agreement: Strategic implications for international business
- Business and government relations abroad: Implications for U.S. managers
- Mergers, takeovers and acquisitions: What role should government play?
- Government's involvement in business data banks
- Business and social responsibility: Implications of comparable worth
- The voice of business in government: Practices used to influence policy

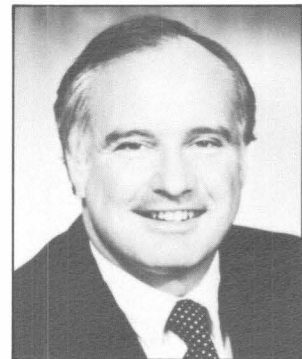
## *The program*

- 12:00 p.m. Registration
- 1:00 Opening program and address by Wendy McDowall
- 2:00 Concurrent discussion sessions, Round I
- 3:00 Concurrent discussion sessions, Round II
- 4:00 Case study discussions led by alumni
- 5:00 Evening reception
- 6:00 Dinner banquet and address by Michael Wright

## *The speakers*



*Wendy McDowall  
Director of Government Affairs  
Dayton Hudson Corporation*



*Michael Wright  
Chairman, President & CEO  
Super Valu Stores, Inc.  
President, Minnesota Business Partnership*

## *How to register*

To register for Business Day, or for more information, call Jeanne Katz, Director of Alumni Relations, at (612) 625-1556. The afternoon program is free and the cost for dinner is \$20 per person.

*Don't miss this exciting annual event!*

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**External Affairs Department:**

Anne Benisch, Associate Dean  
Martha Douglas, Director, Communications  
Susan Fleishman, Director, Corporate Relations  
Jeanne Katz, Director, Alumni Development and Student Relations  
Jan Windmeier, Director, Placement

The *MMR* was designed by Dawn Mathers. The cover photo is by Virginia Padden.

**On the cover:** Like millions of other professional couples today, Evening MBA grads Elaine Koyama and Scot Zimmerman have found ways to integrate their careers and families. In our story beginning on page 3, three alumni couples share their thoughts about the dual-career balancing act.

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## Awarding outstanding achievement

*Nominations for the university's highest alumni honor are now being considered*

by Dean Preston Townley

Ever since I became dean, I have been in the habit of highlighting school accomplishments in this column. But it is also very important, as we strengthen our programs, faculty and students, to point out the very significant accomplishments many of our alumni have made in their professional fields, and the impact their success has had on this country.

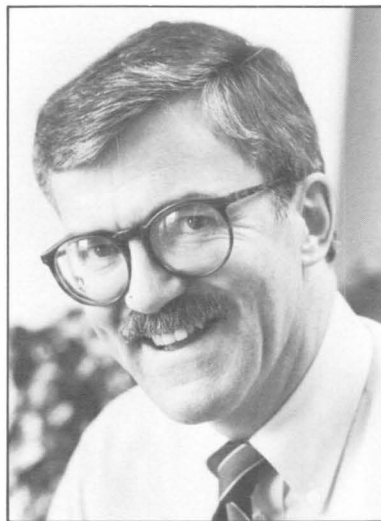
One way that we formally recognize these accomplishments is by nominating worthy individuals for the university's Outstanding Achievement Award. Twenty-two Carlson School alumni have received this award since 1951, the last time in 1983, when former chairman and CEO of Union Pacific William S. Cook was honored.

It is time once again to recognize the important link between our alumni and the country's business leadership. We have therefore begun an active search for candidates to nominate for this award, and I invite your suggestions.

The Outstanding Achievement Award is the highest honor the university bestows on alumni who, according to the guidelines, "have attained unusual distinction in their chosen fields, professions or public service, and who have demonstrated outstanding achievement and leadership on a community, state, national or international level."

S. Clark Beise ('23) received the award in 1955 when he was president of the Bank of America in San Francisco, at that time the world's largest privately owned bank.

In 1959 Carlyle E. Anderson ('32) was honored. Anderson has been president of Monogram Glass Company and is currently president of Wyckoff-Anderson Company in Evanston, Illinois. He has contributed significantly to his community, organizing and leading community fund efforts, hospital operations and youth work, and to the University of Minnesota,



servicing as the first president of the University Foundation and a founding member of the President's Club.

The university honored Bryan E. Smith ('25, now deceased) in 1962. A former chairman of the board of Liberty Mutual Insurance Company in Boston, Smith was cited as "an accomplished administrator, forward-looking executive, remarkable leader, highly valued by his professional associates, and respected advisor to his community in civic and economic affairs."

In 1970 the award was given to James D. Hodgson ('38), who was the U.S. Under Secretary of Labor at the time. Hodgson had formerly served as corporate vice president of industrial relations at Lockheed Aircraft Corporation, and later became ambassador to Japan. He was honored as a "builder of the climate of trust and respect between unions and management and an advocate of involvement by industry in social problems of the nation."

The 1975 recipient was Richard M. Cyert ('43), who is currently president of Carnegie Mellon University and who has done much to revitalize the city of Pittsburgh.

The high calibre of talent recognized by the Outstanding Achievement Award is clear from these examples. These individuals represent a range of professions and industries, yet are alike in having made a truly positive influence on business leadership in this country and in their communities.

The process for selecting recipients of this award is appropriately rigorous. The school will accept names of candidates for nomination. We will then form a committee that will include alumni, faculty and administrators to screen the candidates and submit nominations to The Committee on All-University Honors, which is an interdisciplinary faculty committee. These nominations must be accompanied by complete biographical material, a detailed explanation of the person's accomplishments and three letters of appraisal from distinguished persons who know the nominee well. The honors committee will select a winner and submit the name to the Regents for approval.

It is an honor for the Carlson School when our alumni are recognized as deserving of the Outstanding Achievement Award. At the least, we hope that we have played some part in the training that enabled them to achieve their success. But even more, these individuals are representative of our many distinctive alumni who are contributing to the practice of management in so many different ways. They serve as role models to us all.

We hope to present a nomination for the Outstanding Achievement Award to the university this year, and any suggestions you have for qualified individuals are welcome. I also invite your comments on the kinds of qualities and contributions you think the school should be honoring at this time.

Please let me hear from you. ■

# The dual career balancing act

*Alumni couples tell how they integrate careers and marriage*

by Mary Lilja

Much has been written about dual career couples in today's society—so much, in fact, that an entire generation undoubtedly feels as though they are under a microscope. Social scientists, psychologists and others continually scrutinize their balancing act between marriage and careers. This scrutiny includes not only the couples themselves, but their children as well. Do dual career marriages work? Do their children suffer in day care? Can careers receive equal weight in a marriage? What about transfers? Who does the household work? The questions are endless, and for now, there are few definitive answers.

More than 21 million Americans are partners in dual career marriages in which both partners experience a similar level of attachment and commitment to their work. Industrial Relations Associate Professor Dennis Ahlburg has studied how dual-career couples make relocation decisions. His findings show that a willingness to move is lower for married individuals, particularly the greater the wife's earning power. With couples who do move, he found that, "Although both careers are taken into account when couples consider a move, the evidence suggests that the male's career has much more weight in the decision." His findings are presented in "Intended Work-Related Relocation in a Family Decision Making Setting," presented at the annual meeting of the Population Association of America in 1985.

Another recent study, by the Institute for Social Research at the University of Michigan, shows that men are spending

*Some graduates of the Carlson School of Management marry, establish successful careers and live happily ever after... but not without careful thought, planning and some adjustments along the way...*

more than double the time on housework and child care than they did in 1969. Working women in the workforce are spending less time, suggesting that more working women are giving up on the "superwoman myth" of having it all—successful careers, perfect mother, perfect mate, perfect, perfect, perfect.

Despite the endless scrutiny, most dual career couples are in a situation that has become as normal and routine to them as well, eating breakfast—that is, if they have the time!

The *Minnesota Management Review* recently spoke with three alumni couples to discover how they've combined successful careers with family commitments. Clearly there are many different possibilities, as varied as the couples themselves. While we tried to speak to couples of different ages and experience, this sampling is not meant to be definitive. What follows is simply a look in on the lives of a few of our graduates...and their thoughts on the business of integrating careers into a marriage partnership.

As recent graduates of the Carlson School of Management Evening MBA program, Scot Zimmerman and Elaine Koyama have some ready advice for other young married couples in the program: Don't have a baby while you're working and pursuing an MBA.

"It was bad enough being pregnant at the very end—I was so sick—but I was determined to finish. We have these pictures of me in bed writing papers, with my computer tucked in with me, books all over the place. But we made it," says Elaine, who is back on the job at Cargill as a marketing manager of the Salt Division, following maternity leave after the birth of their first child, Tommy Zimmerman, in November.

Her husband Scot is also back on the job at MTS Systems as a software product manager, following his two-week paternity leave to care for Tommy when Elaine returned to work.

This sharing of the early care of their infant son is characteristic of the support Elaine and Scot have given each other since their marriage in 1985. "Scot's been very supportive—I've never felt the burden of the housework, for example," Elaine says. "I just don't have the energy to be all things...superwoman or whatever. I gave that up a long time ago!"

Like many people pursuing Evening MBAs, both Elaine and Scot were well-established in active careers—Scot as an engineer for Honeywell, Elaine as a sales manager for Cargill—prior to deciding to go back to school.

Elaine joined Cargill after graduating from Stanford with a degree in political science and social science. She was in field sales initially, and was transferred and promoted often. She decided merchandising wasn't her cup of tea, and joined marketing. "Once I was transferred to Minneapolis I felt I needed more general knowledge in business...and to network with other professionals."

Scot, a University of Minnesota graduate in electrical engineering, first worked for Hughes Aircraft and later Honeywell as a systems engineer. He says he chose Minnesota because of the excellence of

*Mary Lilja is owner of Lilja, ink, a writing and communications firm.*

the MIS program. "Then I got back here and found I wasn't interested in all the classes. I decided I didn't want to specialize."

"Every time Scot finished a class he'd say, I think I want to specialize in this area," Elaine adds. "I've always been a generalist, but frankly I was surprised Scot didn't specialize in one area."

The couple met during their Management and Organizational Behavior class, winter quarter 1984. "I first spotted him across the room," Elaine says, "And I knew he was single... I mean he just LOOKED single."

Scot claims he'd noticed Elaine during fall quarter, but Elaine doesn't remember him. "We were in a project group together for the management class," Scot explains. "At that time, being new to the program, I was probably thinking too much like an engineer for Elaine, who came from a sales and marketing background, because we clashed in that group."

They realistically assess their differences:

"I'm much more technically oriented than Elaine—and will tend to over-analyze," says Scot. "That's definitely true," Elaine adds. "Scot will spend hours and hours analyzing something. I'm the type who says, I've got so many hours of time ... at the end of that time, I'm going to make a decision." Today those differences in problem-solving and management styles are helpful, both say. "When we talk about work together, our perspectives are so different. I think he helps me because of his analytical style, and I like to think I help him, given my people orientation," Elaine says.

Conversation at home often turns to work, with sharing of ideas and concepts the rule. "Elaine just had a meeting out at Lake Tahoe. I took Tommy—it was his first flight," laughs Scot. "Elaine's working on an internal study of the salt industry. We talked about what kinds of things she'd have to look at, and we started going through strategic marketing. We talked about the seven 'S's (aspects of a marketing program) and then we talked about (Michael) Porter's model for competition within an industry."

Do they compete with each other? Yes, say both Scot and Elaine, yet they respect and defer to each of their areas of expertise. "In the sales area, Elaine is the expert. When it comes to engineering, it's me," Scot says.



Photo by Virginia Padden

Scot Zimmerman and Elaine Koyama

*"I really wondered if having a baby would suddenly mean a big change for me.*

*But I don't see myself not working. Work and family are two parts of life."*

*—Elaine*

Scot and Elaine are confident and relaxed about their new career as parents. Tommy is cooperating by sleeping through the night. Elaine muses, "I really wondered if having a baby would suddenly mean a big change for me. But I don't see myself not working. Work and family are two parts of life. They both exist. I can't see myself not having a career. It would be like not having a big part of life."

"I fit my career into my life," Scot says. "Number one is my family; my career is a very close number two." Both credit his employer, MTS Systems, with a great deal of sensitivity toward family issues. Since MTS has a four-day work week, Fridays will be a special day for Tommy and Scot to be alone together.

They view each others' career as equally important; their earnings are virtually the same. They have talked about moving and are philosophical and flexible about that possibility. "We'd have to look at how big the opportunity was for me, how big for Elaine," Scot says. "I feel that I'm very marketable—I could find a job if Elaine got the opportunity to move."

"I think it goes both ways," Elaine adds. "Though I do draw the line at one point: I think we need to stay together. No long-distance or commuter marriage."

Unlike many dual-career couples, Susan and Andrew Wolf have never had to face the thorny relocation issue. To date, an attractive enough package has not yet been put forth to top the dual success they've experienced right here in the Twin Cities.

"Job changes are job stresses, and we're very unique in terms of stress factors," Andrew says. "Even though we've had opportunities to move, we haven't changed jobs or had children. Plus we've always had a sense of success with where we were, and no sense of sacrificing for the other person."

Their story is unique and involves just three firms: one tiny, one established and one of their own creation. But first, their history.

Susan graduated from the University of Minnesota with a bachelor's degree in English and information science in 1970. After three years of experience working for Pillsbury, she decided to pursue an MBA. Upon graduation in 1975, she began interviewing with large Twin Cities' firms. "I had identified large corporations as where I wanted to go," she says. One day she walked into a tiny orthopedic brace clinic, thinking if she got the job she'd stay for one year to get enough experience to move on to a 3M or Honeywell. But she found the opportunities for general management offered by the clinic to be much more appealing than specializing in a larger firm.

That was 12-1/2 years ago, and Susan is still with the same little company, Lossing Orthopedics. But she is now vice president and part-owner, and that little company has evolved and grown tremendously over the years. "Sales per month are now equal to what they were annually when I started," Susan says. "We sold the clinic and are now a manufacturing and marketing company. We market our products nationally and internationally. And everything we've done and do is a victory... every single step."

Andrew's career path has taken different twists and turns. He worked his way up to vice president for Murphy Motor Freight, a transportation firm he joined after graduating from the university with a B.S. in business in 1970. After focusing on "the narrow corporate ladder" Andrew started his own firm, Chi-Am International, in 1986. Chi-Am takes products and introduces them to the international marketplace. He has quickly become known for his expertise in international exporting and distribution, and teaches seminars around the country.

How did he make the switch from transportation to consulting in the international marketplace? "I just made up my mind that that's what I wanted to do," says Andrew. Travel has always been an avocation with the Wolfs; each has visited every single state in the U.S. and many countries overseas. "At one point in our lives, we almost bought a travel agency," Susan remembers, "but I couldn't make the numbers work."

"We sat down about eight years ago and mapped out a life plan. That's when the idea for Andrew's business began to take shape," she says. One of Andrew's first major clients was Susan's firm. "There were some problems initially, because he has a different management style than I

do," Susan says of their early days working together. "I'm more aggressive... he's more patient. He's better with people. We get the same result... we just approach things differently."

Susan and Andrew say they were the typical college romance, meeting the final dance of freshman week at the University of Minnesota-Morris. They've been married for 17-1/2 years.

"Our careers are so much a part of our lives we both eat, drink and sleep what we do," Susan says. "But I don't think of ourselves as workaholics because our jobs are ingrained into our lifestyles," Andrew adds. "We won't sit in an office late at night working on something. After eight to ten hours there's burn-out..."



Photo by Virginia Padden

Susan and Andrew Wolf

*"Never take your successes too seriously, because you're going to hit your down points, and you're going to need the help. Learn to give a little when you're succeeding."*

—Andrew

there's nothing to give...and so we just walk away."

They say there are benefits to being married to another business grad. For one thing, it requires fewer words. Susan explains, "When you talk about balance sheets or management concepts, at least the other person understands what you're talking about. We can bypass a lot of the conversation because we both have a similar background."

"It's almost intuitive," Andrew says.

After 17-1/2 years of balancing separate, successful careers with a commitment to each other, the Wolfs are philosophical about sharing advice with younger people just starting out. "Never take your successes too seriously," Andrew says, "because you're going to hit your down points, and you're going to need the help. Learn to give a little when you're succeeding."

Both say there have been times when they've depended on each other—Susan when she decided to return to school to pursue her MBA, and Andrew now, while he works to build a business from scratch. They both serve as sounding boards for each other.

They also say they do compete, although that has mellowed over the years. "We've really been through a growth process over the last two years," Susan says. "We have common goals: to make this business that he's growing...and the company I'm involved with... tremendously successful."

They say household chores are evenly divided, but fall "pretty much in the stereotypical male/female duties."

While they've never faced relocating, "it wasn't always a given that we would stay here in the Twin Cities," Susan says. "Even though we had offers and opportunities, the package never came about. We weren't interested in change just for change's sake."

"Since we've both traveled extensively, we know there are better places to live," Andrew says. "But if we were going to move, we'd do it together and move to a better place." Both say the cultural environment in the Twin Cities is very appealing to them.

Since both Susan and Andrew's work puts them in touch almost daily with companies around the world, they're very sensitive to the growing importance of the world economy. In preparing coursework and research now, Andrew says he "quickly appreciates how far beyond business classes you have to go. Culture, language, different customs—the business aspect of it is really only a small percent of the total picture."

A lifelong devotion to learning has characterized the 46-year partnership of Jim and Gen Annett, 1937 graduates of the Carlson School. During his career with IDS, Jim was at the forefront of the computer revolution throughout the 50s and 60s, right up to the time of his retirement in 1980. Today he continues to work daily at his own desktop. "Those computers are rascals," he says with a smile, but he intends to keep as current as possible in his own understanding of them.

In 1941, newly married and with Jim overseas, Gen took classes through the university's School of Mechanical Engineering, which led to supervisory roles in the inspection of telescopes and periscopes during the war years. "Nearly three-quarters of the entire work force was women at that time," Gen remembers.

Today in their retirement, the Annetts are active in community affairs, volunteer work and the national Elderhostel Program, which is a continuing education program for seniors.

But their partnership began back in the thirties when they met for the first time in business school classes. "My name began with an A and hers with a B," Jim explains. In those days just 20 percent of the class was women, Jim estimates. Gen majored in advertising and was the only woman in that sequence. Jim majored in accounting, which he says constituted about 50 percent of the entire class, with only one woman.

"Back in the 1930s there weren't as many people going to college. I came from a farm in western Minnesota. At that time, there weren't many farmers going to the university. I probably had more

appreciation than others on that account," Jim says.

They didn't begin dating until after graduation in 1937, when Jim began working for IDS. He was to remain there for 43 years. "I went in on a conversion job. We were converting hand-posted records to punch-card equipment," he says. Gen worked a brief stint in advertising, found it wasn't to her liking, and worked for local department stores before their marriage in May, 1941.

In December of that year came Pearl Harbor and with it, Jim's induction into the Navy—a stint which kept him at various far reaches of the globe for three and one-half years while Gen stayed in Minneapolis. It was during this time that she went back to school in tool and gauge inspection. She worked at a number of plants over the next few years, including Honeywell's main plant. "I remember getting off from the midnight shift and walking all the way to 23rd and Grand by myself every night, since I didn't want to have to ride the streetcar and transfer," she says.

In 1946 the war ended and Jim rejoined IDS as a supervisor in investment accounting. He started the systems unit at IDS, and "stayed with work of that sort until fall 1980, when I retired from my job as vice president of administrative services." He was responsible for data processing, operations and related systems and programming work, as well as administrative units such as building services, purchasing, print shop, central records housing and others.

Gen retired from the workforce to raise three daughters, born in 1947, 1948 and 1951. Today those daughters are busy active career women—one holds an MBA and consults in investment banking in the healthcare field; another holds an MA in library science and the third has a BS in nursing.

Both Gen and Jim look back on their course of study with a sense of appreciation. "I'll always remember Francis Body's class, which was my introduction to machine accounting. That was particularly helpful at IDS, where we had machine accounting, and then electronic computers. In 1954 I was the head of a group that installed electronic computing." Gen says the discipline of the course of study proved invaluable in helping her meet any new situation.

Unlike the other couples, the Annetts say they have never competed with each other. "I figure I have skills that Jim isn't





Photo by Virginia Padden

*Jim and Gen Annett*

interested in and doesn't possess...and he has skills that I don't have," Gen says.

"You better learn how to get along with each other...and that's pretty good advice both at home and at work," Jim says. "Gen is very easy to get along with." (Gen says the same thing about Jim.)

He continues: "Develop a sense of humor, and don't take yourself too seriously. If you do, you'll get nervous, thinking about it. Remember that not everybody agrees with your point of view...and you aren't always right."

Gen credits Jim with both a wonderful disposition and a wonderful job as a parent. "He would sit down and discuss things. Our daughters certainly didn't always agree with him, but he always took the time."

Jim says his work had a reasonably high priority in his life, but if he had to do it over again he would have been more

*"I've often wondered why I spent 43 years with the same company, enjoyed the work and the associates, but the day I walked out of the place I never thought back about it."*

—Jim

involved in community affairs in his early days. Since his retirement, Jim has been active in SCORE, Service Core of Retired Executives, the volunteer arm of the Small Business Administration. There are presently 12,000 SCORE members nationwide and the organization just took on its two-millionth consulting case. The

Twin Cities office has 140 members and handles 1,500 cases each year.

Jim also volunteers his time to Tax Counseling for the Elderly, a division of VITA, the volunteer arm of the IRS and the Minnesota Department of Revenue. From February through April he's busy working with senior citizens, helping them through the often-confusing task of filing tax returns.

He has no-nonsense advice for other retired executives: "You've got to do something; chances are you'll be most helpful doing volunteer work which has some parallel to the work you did during your career.

"Neither of us spend a great deal of time thinking back about the good old days. I've often wondered why I spent 43 years with the same company, enjoyed the work and the associates, and was moderately successful...but the day I walked out of the place I never thought back about it," Jim muses.

"You need to detach yourself from the work that you did when you retire...but you also need work to pick up to fill that space, which I've done with the activities I have."

Gen says she thinks it's important to keep your mind active, to stay in touch with the world around you. She continues to be involved with the American Association of University Women, a national continuing education organization for women, and is active at the Women's Club of Minneapolis. The Annetts also use their expertise on their computer to assist volunteer organizations with administrative work. They recently helped organize their 50th college reunion, held last fall.

And every summer, they pick up and head off to Elderhostel Programs, held at numerous university campuses across the U.S. "We go to school for five days, live in the dorm and eat cafeteria food, which by the way is one of the more dramatic improvements since our college days, and follow a course of study. We've been to six Elderhostels and taken everything from computer science to genetics to music," Jim says.

"You meet many interesting people...but more importantly, you keep learning about things," Gen says. ■

# Marketing to the young child and the older adult addresses common problems

by Peggy Mann Rinehart

*When planning a product promotion, consider the consumer's age: not all children or all adults think alike.*

*Peggy Mann Rinehart is a freelance writer working in the Twin Cities.*

Associate Professor of Marketing Deborah Roedder John studies kids—kids under the age of eight—and she's discovered that young children don't react to marketing promotions like their parents do. In fact, when it comes to responding to advertising, kids have a lot more in common with their grandparents. As a result, special media and creative strategies need to be developed for both the young child and older adult.

Certainly, hundreds of products are designed for children. "We know that children begin to exercise some purchasing control when they are four and five years old," Roedder John explains, "but the field is slow at acknowledging the differences between the general adult market and children. Most marketers assume that children under the age of eight behave like mini-adults."

Roedder John's findings are influencing how marketing managers provide product information to their young market. They need to consider age when making creative decisions, when determining whether to purchase print or broadcast media, and when evaluating the success of a product promotion.

In a study published in the November 1983 issue of *Journal of Marketing Research*, Roedder John and colleagues from Northwestern University showed that young children are more responsive to television advertising than older children. Younger children tend to select a more recently advertised item over more favorably evaluated products, especially when asked to choose among many or similar alternatives. Older children, in contrast, have little trouble evaluating the product alternatives, and selecting their



Photo by Jim Hansen

*Marketing associate professor Deborah Roedder John, who has conducted research on television advertising directed toward young children and the elderly, says, "The most important recommendation for both groups is to avoid overloading commercial messages with information."*

most preferred alternative, even in the face of persuasive advertising for another product.

Since the 1983 study, Roedder John's research has shown that young children and older adults don't use their capacity to remember as efficiently as younger adults do.

For example, a study published in the December 1986 issue of the *Journal of Consumer Research* shows that young children haven't learned how to use both short- and long-term memory. There are many ways an adult can use short-term memory. When you've found the right number in the telephone book, you keep saying it over and over until you've completed the task of writing it down or dialing it. "This is a simple 'rehearsal' strategy that taps short-term memory. It is something that young children haven't learned yet," Roedder John says. Without a strategy, learning anything, let alone the seven digits that make up telephone numbers, is a very difficult task for the young child.

Children also have difficulty placing things into categories. "Marketing managers often make the assumption that children have the same product categories as adults," says Roedder John. An adult or older child would understand that laundry soap, bar soap and dishwasher detergent are different forms of the same product: soap. They understand that frozen, dehydrated and reconstituted orange juice are different forms of the same product. Not so for four- or five-year-old children. Give a child a container of frozen orange juice, or a half-gallon of reconstituted orange juice and a half-gallon of Tide and the young child will place the look-alike packages in the same category. "They concentrate on perceptual categories," Roedder John explains. Young children may know what the products are made of, but they haven't learned to abstract those qualities into separate product categories.

Roedder John pointed out the importance of product categories in a project she completed for the Wisconsin Milk Marketing Board, which wanted to develop new markets for dairy products.

They asked Roedder John to find out how children would respond to a new product—a carbonated, fruit-colored dairy drink. Indeed, the younger children saw the beverage as more similar to juice or soda pop than to conventional dairy products. Older children, however, perceived the beverage to be a dairy product, something to be consumed as a replacement to milk or chocolate milk. This means that milk producers will have to compete with fruit juice and carbonated beverage producers if they are to increase their total sales, and it would make sense to package the product to resemble the competitor.

Older adults are also "more easily persuaded," Roedder John's article explains. They process information at a slower rate, and remember less product-related information than younger adults. "They don't pick up information quickly. Television, especially when the norm is the 30-second commercial, goes right by them," Roedder John adds.

Dubbed the "silver-streakers," this is the largest growing market in the country. Stephani Cook, director of retail marketing for the Television Bureau of Advertising, New York, said that people older than 50 constitute only one-quarter of the population but earn 50 percent of the nation's discretionary income—a total of \$166 billion annually. And the group is growing.

Taken together, the older and younger markets are worth tapping. To get and keep the attention of younger and older consumers, media selection is critical. Children are almost exclusively exposed to TV, but when directing product information to older adults, "advertisers could be well advised to seek out print alternatives for carrying commercial messages," Roedder John recommends. "Print vehicles offer the beneficial visual format of television without penalizing the elderly for slower processing speeds, which broadcast vehicles may do."

Roedder John has been interested in identifying how and why children make purchasing decisions since the late 1970s. About that time, the Federal Trade Commission (FTC) was considering

arguments that advertising to children under the age of eight should be banned. That short-lived campaign gave way to the more thorny problem of designing advertising that truly provides young children with useful information.

Young children remember information better when it is presented with pictures and at the end of the commercial. "The most reasonable approach to the problem of information order is to repeat important points and brand names at the end of commercial messages," Roedder John suggests.

Both the young and the elderly respond to and recall simple messages. Roedder John shakes her head when she watches Saturday morning children's television. "So many ads, so much clutter. The most important recommendation for both groups is to avoid overloading commercial messages with information."

The study of people between 24 and 65, the conventional adult market, holds little allure and excitement for market researchers like Roedder John. While a great deal of research has been done on the average adult, little has been conducted or written on children or the elderly adult, particularly in the area of marketing. "Information is less available. No one ever looked at the older adult as a big market. But the elderly are spending more money now than they used to," she says. These two groups represent small, but growing and manageable markets. And although far apart in age, they present similar challenges to advertisers. ■

*Deborah Roedder John's article, "Age Differences in Information Processing: Understanding Deficits in Young and Elderly Consumers," was co-authored by Catherine A. Cole, assistant professor of marketing at the University of Iowa, who specializes in marketing to the elderly adult segment.*

# Firm level politics: Changing the rules from defense to competitive advantage

by David Pink

In the late 60s and 70s social consciousness-raising and political activism led to increased government involvement in areas that had formerly been the sole province of business. Government influence dramatically altered the tenor of the marketplace and for many firms, put a damper on business as usual. Regulatory legislation regarding employment practices, environmental hazards, worker and product safety, and a host of other matters provoked business executives to complain that government bureaucrats had more to say about daily operations than did the corporate managers themselves.

In light of this situation, many companies sought to develop and implement political strategies to defend their market positions against such pervasive government influence. They instituted public affairs departments for issues management, joined trade or peak associations, or contributed to political campaigns through political action committees.

The emergence of political action on a firm level and its current practice is the focus of *Business Strategy and Public Policy*, recently published by Greenwood-Praeger and co-edited by Alfred A. Marcus, assistant professor of strategic management and organization at the Carlson School, Allen M. Kaufman, assistant professor of business policy at the University of New Hampshire, and David R. Beam, associate professor of public administration at the Illinois Institute of Technology.

Subtitled "Perspectives from Academia and Industry," *Business Strategy and Public Policy* remains true to its editors' original design. "We searched for the best practitioners available, those who were not only knowledgeable but eloquent, from such diverse fields as energy policy, environmental regulations, telecommunications, federal budgetary policy and campaign finance," says Marcus.

Essays by these respected practitioners, involving topics such as strategies for corporate advantage and social legitimacy, open each of the book's first four major sections. Their essays set the stage for further discussion by expert academic researchers from political science, business and other relevant disciplines.

Though *Business Strategy and Public Policy* should appeal to students and

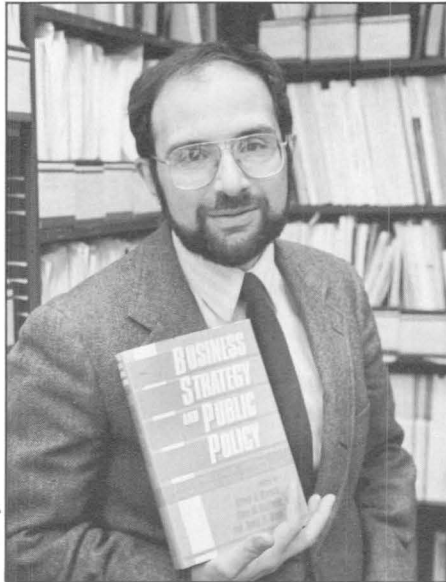


Photo by Jim Hansen

Alfred Marcus, Carlson School assistant professor, is co-editor of a new book on firm level political activity that presents the views of both practitioners and academics.

academics, "our primary goal in putting together this book was to provide a handbook of options for managers," Marcus explains. "That's why the practitioners' views are so important—for example, Stephen Littlejohn's essay on corporate competition and cooperation."

In his essay, Littlejohn, director, Government Affairs and Public Relations at Monsanto Corporation, explores corporations' strategies in forming ad hoc coalitions with aims that run contrary to those of the industry as a whole. For example, United Airlines took a position as the sole carrier in favor of airline deregulation. Such a stand led the airline to ally with groups it had hitherto traditionally opposed. Consequently, a consumer-interest group in favor of lower fares and an airline that believes it can become more competitive if fares are lowered, may for a while, to their mutual advantage and surprise, share the same side of an issue.

But, as Marcus points out, corporate attempts at competitive advantage can range from discrete issues to influencing presidential elections. *Business Strategy and Public Policy* also examines corporate influence on the 1980 and 1984 elections through political action committees. As the editors point out in their introduction,

"the integration of business strategy and public policy corresponds to a deepening merger between the economy and government in the United States."

Political action on a firm level has led to another area of mutual concern that was once mainly the government's problem: social legitimacy. The quest for legitimacy—the public's perception of a firm's social responsibility—has moved more to the forefront of public affairs concerns. "In the 80s, the corporate community's legitimacy is as much threatened by reports of corporate bribery, deliberate safety violations, consumer fraud and other reports of criminal or negligent activity as it is by government interference," the editors explain. They cite a 1985 New York Times/CBS poll reporting that 55 percent of those surveyed thought that most corporate executives were dishonest.

*Business Strategy and Public Policy's* final section includes a practitioners' symposium on "The Public Affairs Function in the Eighties." Today, even though the government has markedly decreased its regulatory legislative activities, many firms have retained their public affairs departments. This section reports the findings of the research Marcus pursued with Mark Irion, formerly a research assistant at the Humphrey Institute, on the continued viability of the corporate public affairs function. "Contrary to what some believe, there is continued growth in this area. Corporate political strategies are no longer solely defensive. They can lead to great competitive advantage," Marcus says. In some cases they can even create a market. He cites MCI's role in the breakup of AT&T: "They created room for themselves by changing the rules."

David Pink is communications assistant in the Carlson School Office of the Dean. He is also a graduate student in English at the University of Minnesota.

# Business lessons from abroad: A change in the game

by David Pink

In a baseball metaphor, the United States' economy has been a slugger regularly hitting long balls, many of them over the fence and winning every game for the past twenty-some years. In every one of those years, from the end of World War II until the early 1970s, the U.S. economy was the undisputed champion of the world. But against what competition? In the past, the U.S. played against competition that couldn't field a team and those home run fences were only as far away as the backyard boundary. The United States' twenty-plus economic wins and no losses were mostly forfeits.

The 70s and 80s have been a different ballgame. Robert T. Kudrle, professor of public affairs and planning at the Hubert H. Humphrey Institute of Public Affairs, points this out in his recent discussion paper "Business-Government Relations Abroad: What's Important for the U.S.?" published by the Strategic Management Research Center (SMRC).

As the speed of commerce has increased, so has the range of foreign involvement in

the U.S. economy, and the overall character of the marketplace has changed. Now the U.S. finds itself a debtor nation—a position unthinkable a scant five years ago—and the once apparently unassailable standard of living here, measured by per capita income, "has been matched by several industrial countries and perhaps a half-dozen or so are no more than 30 percent lower," Kudrle notes.

Many countries, which were at the end of World War II either destroyed, overburdened or distracted by foreign involvements—or even not yet then entities as states—are now either formidable or up-and-coming competitors in the world marketplace.

As Kudrle's paper points out, the time is opportune for examination of foreign economic strategies. "Economically, the U.S. can no longer afford—literally—to forego in-depth research into the workings of business-government relations abroad and the possible transference of any proven approaches to our concerns," Kudrle says.

"There has been no exhaustive examination of what the landscape is like,"

Kudrle says, referring to foreign business-government relations. "This paper," he adds, "is designed to initiate such an examination and provide a springboard for discussion."

The paper was developed with the aid of a seed money grant from the SMRC. The grant's purpose was to establish, via Kudrle's paper, a foundation for a prospective program of research. This research will address the vital issues of U.S. firms' competitiveness on an international level by exploring the potential for more cooperative relationships between U.S. firms and the U.S. government at all levels.

"Bob was a natural for this type of paper," says Mary Lippitt Nichols, associate professor of strategic management and organization, and director of the SMRC, "because he knows the scope of the available literature."

Kudrle's paper is part of the SMRC discussion series, which has published 82 papers to date. "It is hoped that the paper will promote interest among SMRC researchers," Nichols notes. "Ideally, the research questions it raises will provide



Photo by Jim Hansen

*Robert Kudrle, Humphrey Institute professor of public affairs and planning, and Stefanie Lenway, Carlson School assistant professor of strategic management and organization, discuss the potential for interdisciplinary research on foreign government-business relations.*

the framework for a new program of interdisciplinary research, which can in turn become self-sustaining through outside funding," much like the Minnesota Innovation Research Program, which was initiated in 1983 with a grant from the Office of Naval Research. That project's researchers are studying how innovations develop and what makes them successful.

In keeping with the SMRC's role as a catalyst for interdisciplinary research, Professor Kudrle's paper is scheduled as the focus for two forthcoming workshops. They are part of a regular series of workshops intended to promote multiple perspectives on research subjects. Accordingly, the first workshop will include comments from a panel composed of Bruce Erickson, professor of strategic management and organization; Ian Maitland, associate professor of strategic management and organization; Stefanie Lenway, assistant professor of strategic management and organization; and John R. Freeman, associate professor of political science. "We're hoping that divergent approaches will be brought to bear to identify the crucial research issues which should be addressed," Nichols and Kudrle say. "The goal of the two workshops is to map out a prospective research program."

Kudrle's discussion paper concerns "not only the lessons we can learn from foreign government-business relations but also explores how MNCs' (multi-national corporations) can better operate in foreign environments," Kudrle explains.

"Only recently has detailed scholarship developed that may lead to an understanding of the strategies of foreign governments in dealing with non-national firms," Kudrle says. "And data regarding MNCs' experience doing business in foreign countries remains uncollected." Both areas are ripe for further research.

But some academics are dubious that scholarship should extend beyond the study of government policies to examine the concerns, motives and logic of foreign government-MNC relations. They have suggested that such knowledge might tempt MNCs to intervene in the

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work together in Japan may  
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to the U.S.*

domestic politics of the host countries. To this Kudrle replies, "The issue of political activity by MNCs should not necessarily be associated with skullduggery, and it will not go away. As foreign direct investment becomes both a larger and more permanent part of the economic landscape in all developed countries, one cannot expect MNCs perpetually to accept second-class citizenship."

Aside from presenting avenues for additional research, "Business-Government Relations Abroad: What's Important for the U.S.?" suggests elements of foreign business-government interactions that the U.S. might synthesize or at least examine more closely. Kudrle focuses on business-government relations in Canada, Britain, Germany, France, Italy and Japan.

"Considering Japan's economic success and its high level of business-government integration, Japan has been suggested as a model for our economy in many ways," Kudrle says. Some of the ways that business and government work together in Japan may be partly transferable to the U.S. For example, Japanese business-government councils work to coexamine the effects of economic policies and corresponding legislative proposals before they are implemented. This arrangement leads to a much more symbiotic relationship between business and government than currently exists in the U.S.

In the main, it appears that the other countries examined have few policies that are readily transferable to the U.S. For example, Kudrle quotes an unnamed observer commenting on Canada's economic development efforts, "If one

could start from scratch, no sane individual would or could construct the barrage of industrial policies that presently exist in Canada."

Britain may be more instructive for its failure to bring business and government together successfully despite its attempts to do so, "especially when Britain's experience is juxtaposed against the optimistic claims for the potential of more structured U.S. business-government interaction made by researchers examining the Japanese system," Kudrle says.

German policy has elements possibly worthy of emulation such as the requirement of a balanced budget at the federal level and the Ministry for Research and Technology. "The Ministry makes matching grants for promising innovations in private industry much the same way that the National Science Foundation funds academic research," Kudrle explains.

For a variety of social and political reasons, neither Italy nor France appear to have transferable policies. "The French bureaucracy has far more 'teeth' than that of any other major country in Europe or North America," says Kudrle. "French business concerns seem to have relatively little effect upon government policy. In Italy, the central government, regional governments and the bureaucracy appear both inept and corrupt by the standards of the other countries in the study."

"Ironically," Kudrle notes, "although Italy seems the least likely country to call for additional research, the way business there influences policy in a kind of multi-entry non-patterned way, it may resemble the situation in America more than most of the other countries examined in 'Business-Government Relations Abroad: What's Important for the U.S.?' "

There are enough avenues of important research delineated in Kudrle's discussion paper to "suggest a major research program," Nichols says. What will be needed is a clear roadmap for the program, sufficient funding to launch it, and energy and commitment from SMRC researchers.

## U.S. multi-national corporations: what they don't know about China

Ever since Mao, China has moved toward a more open foreign trade policy. But for many firms, the desire to do business with China has been met with a puzzling silence. Venture inquiries have often received no response. More than a few entrepreneurial executives may have wondered to themselves, what's going on over there?

Yun-Zhong Mah, visiting associate professor in the Carlson School of Management, who is on leave from Fudan University, Shanghai, says that "the lack of response on the part of Chinese businesses to trade inquiries is certainly no indication of a lack of desire on their part for expanding their markets."

"China is basically unknown to most," Mah explains. "People have expectations based on the media catch phrase of an 'open China' that they operate on without full knowledge of the current situation there."

As an example, Mah recounts a Dutch executive's efforts to establish a trade agreement between the firm he represented and firms in China. "He sent hundreds of letters and brochures to the same number of companies and got no reply whatsoever—and I thought that they wanted to be open," he said to me. "The executive had made the same mistake as many others have. 'All foreign trade agreements must be directed to and approved by the China International Trust and Investment Corporation or the Ministry of Foreign Economic Relations and Trade,'" Mah explains. "These are both government agencies for planning and control of foreign trade."

"China almost went bankrupt before 1978," Mah notes. "And that is a prime reason for China's move toward a more free market. But such a change in the macroeconomic structure cannot happen overnight. China wants to change but it does not want to be out of control." That is why all trade proposals require government approval. "And only those proposals with low macroeconomic impact are likely to be approved," Mah says.

But even if an MNC (multi-national corporation) directs its trade enquiries to the proper party, the answer to its proposal may still be a long time in coming. "There are simply not enough expert Chinese scholars, lawyers, researchers and practitioners specializing in foreign trade affairs to process all the requests they get," says Mah. "Ten years ago, there were neither law nor business

degree programs in China. In May 1980, a group of business professors from Stanford University came to Fudan University to help us establish a graduate degree program in business. They were shocked to find that at the time we were just starting our undergraduate degree program."

Only as recently as 1985 did several Chinese universities begin conferring the MBA degree. Prior to that, MBAs were earned outside the country and "70 percent of those earning such degrees never returned to China," says Mah. This situation occurred mostly because such MBA training was more applicable to a free market than a planned economy.

Much the same situation was true for foreign-trained Chinese lawyers. Chinese and western attitudes toward laws are not the same. For instance, Mah says "there is a Chinese practice that can be translated as 'understanding the spirit of the law,' a three-month period for contemplation of the law. This is followed by a three-month trial run before the law takes effect. It is not the same as in the United States where a law goes into effect like turning on a switch."

Another important difference between China and many free market countries is that China's business operations are so

highly integrated with the government's that they can be considered a unified structure, whereas the free market countries' business and government operations are often distinctly separate. Conversely, while in many ways China is seeking to disengage government from business in its move toward a free market environment, many free market countries are seeking closer ties between government and business—for the same reasons.

"Economic success lends credibility. That is another reason why China wants to reform," explains Mah. Taiwan, China's economic and ideological rival, 1/267th the size of China, accomplished five times as much foreign trade revenue as did China last year. China wants to catch up.

So how does an MNC get its foot in China's door? "Come to one of the yearly trade fairs held in each of the 14 major port cities," Mah says. The express purpose of the trade fairs is to open the ports to foreign trade. Each port city has a corporation, for example the Shanghai International Trust and Investment Corporation in Shanghai, that is authorized to make trade agreements on the spot. "That is where you will find China's open door," Mah says.

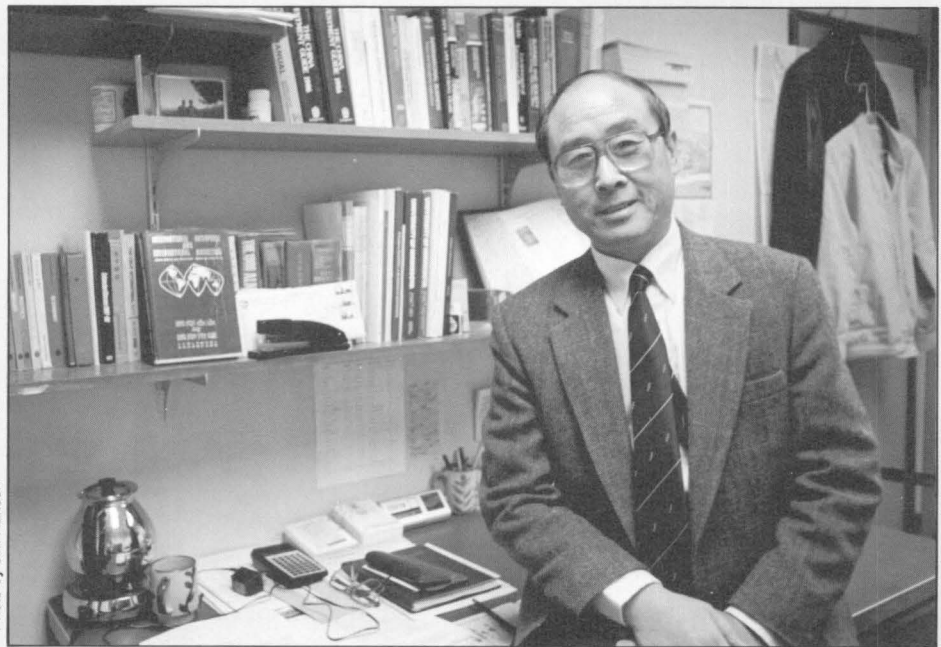


Photo by Jim Hansen

*Yun-Zhong Mah, visiting associate professor from Fudan University in Shanghai, China, and the author of Introduction to Management, China's first international business textbook, said "China is basically unknown" to most firms.*

# Working with management

*Dean's Innovation Fund projects strengthen our relationship with the business community*

by Martha Douglas

*Determining the eligibility of its clients is a major task for the Minnesota Department of Human Services, which manages a number of state and federal public assistance programs. The department is currently doing the job manually, and would like to switch to an automated system. Management sciences professor Gary Dickson is conducting a feasibility study into incorporating "expert system" technology into the design. If successful, it could save the state substantial amounts of money.*

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*Advertising companies use a variety of techniques to test the effectiveness of magazine and newspaper ads before actually placing them. But these tests do not necessarily provide accurate results, partly because they don't reflect realistic exposure conditions. Terry Childers, associate professor of marketing, is developing a computerized "electronic magazine" that will simulate a magazine viewing environment, providing the basis to conduct more sophisticated copy testing.*

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*Firms spend millions of dollars promoting products to children, yet it is often the interaction between parents and children that determines whether or not a marketing program is successful. Marketing associate professor Deborah Roedder John is working with General Mills to develop research methodology to measure and predict patterns of parent-child interaction in purchasing situations.*

These projects all have something in common. They have all received funding from the Dean's Innovation Fund (DIF), established to encourage faculty to develop productive working relationships with the management community. Supported entirely by private gifts, the fund sponsors new initiatives in faculty research, teaching and program development that address current management issues in innovative ways. It has provided \$11,950 in research grants so far this year.

Since its beginning in 1984, the Dean's Innovation Fund has supported 12 collaborative projects. This support has often been in the form of seed money, to help get a project off the ground. Or it has supported one component of a multi-faceted project.

Faculty members are invited to compete for grants in the spring and fall. Proposals are submitted to Dean Preston Townley, who, in consultation with a faculty committee, reviews and selects proposals with the most promise. Faculty who receive awards submit written semi-annual status reports to the dean.

In the 1986-87 academic year, seven corporate and individual donors contributed to the fund in gifts ranging from \$150 to \$750. Additional funds were contributed through the Carlson School Associates Program, a corporate membership organization that provides unrestricted support to the school.

DIF projects have yielded high-payoff results for both the organizations and faculty members involved, and the fund has made possible projects that may not be covered by traditional funding sources.

For example, a DIF-funded project by industrial relations professor Richard Arvey could help local Minnesota governments save substantial amounts of money in complying with the state's 1984 legislation requiring them to pay employees according to comparable worth concepts. Working with the city of Minneapolis and the University Hospitals,

Arvey used their data to show how several different pay strategies that would comply with the intent and letter of the law would cost very different amounts to carry out.

In 1985, a DIF grant helped Stefanie Lenway, assistant professor of strategic management and organization, develop an MBA course in international strategic management. In designing the course, Lenway met with representatives of 14 Twin Cities firms that are involved in international management. This group gave her input on substantive issue areas they believed would be important for students interested in an international management career; it served as a network of advisors for further international management research and course development; and it provided a source of guest speakers for the class. The course has been offered at least once a year since it began.

Using the Northern States Power Company as a test laboratory, strategic management and organization assistant professor Alfred Marcus studied how company direction is most effectively implemented. He found that managers will receive greater organizational performance if they allow subordinates some autonomy in following a general model of direction, rather than imposing a model in strict top-down style. He also found that employees who work in a top-down management environment will often display their resistance by following the rules precisely, but performing poorly.

As these examples show, the Dean's Innovation Fund is unique in the way it directly encourages faculty involvement with managers. "The Carlson School is committed to improving management practice," says Townley. "With the Dean's Innovation Fund, we formally recognize the desirability of faculty and manager interaction in contributing real benefit to both parties." ■



## A rational approach to admissions cut-offs

by Jerry Rinehart

The school's decision to reduce its undergraduate program by 25 percent has created real problems for the 2000-plus undergraduates who want to major in business. With room for only 600 entering juniors, ours is a "seller's market": Students who are accepted have, on average, GPAs of 3.2 or better. But those of us involved in the admissions process have become increasingly uncomfortable in rejecting one student and admitting another on the basis of .01 of a grade point. To that end, the Undergraduate Studies Office has initiated a two-part experimental advising and admissions program.

The first part is a self-assessment program for prospective students. This fall advisers met in small groups with 45 sophomores to review eight key areas that corporations routinely scrutinize when reviewing candidates for management potential. At the beginning of winter quarter, 75 minority students went through the same exercise with counselors from the Martin Luther King Program and the Carlson School.

During the sessions, students discuss interpersonal and communications skills, personal adaptation, motivation and commitment, occupational and technical knowledge, cognitive skills,

administrative skills and leadership skills. The program encourages each student to identify strengths and weaknesses and, through discussion with advisers, to develop a plan of action for personal, intellectual and professional development.

The second component is an "activities resume" in the application for admission. Students who have developed skills beyond those measured by GPAs will have the opportunity to refer to work experience, student organization or volunteer activity, and community involvement in explaining their qualifications for admission.

We believe the self-assessment program and the revised application form will improve the admissions process and allow us to send an important message to the premanagement population.

Students, particularly those whose GPAs are near the minimum cut-off point (between 2.7 and 3.0), can use self-assessment and goal setting to develop characteristics that, in the short term, may improve their chances for admission to the Carlson School. In the long term, it may improve their chances for achieving successful careers.

Research shows that a student's previous academic performance is the best predictor of his or her ability to succeed in the management curriculum. However, we also know that GPA alone is not a particularly valuable predictor of future career success. In addition to academic prowess, corporate recruiters want to see student resumes that reflect initiative, motivation and commitment. They are not hesitant to state their preference for students with superior leadership, communication and interpersonal skills.

We developed the assessment instrument through a review of literature and discussions with the business community and human development professionals. Faculty in industrial relations and strategic management also contributed significantly to the process. Our primary models included the AT&T

executive assessment program and instruments used by a local executive search and assessment firm.

The activities resume and its tie to the self-assessment program were developed through consultation with a group of business executives and community leaders who serve as an advisory board for the undergraduate program.

The assessment meetings with students are something quite new and different for the advising staff. Special training sessions led by a psychologist in the university's Counseling Center are helping advisers develop the small-group and teaching skills the program requires. Despite their initial fears, the staff felt the first sessions went quite well.

Similarly, evaluating personal characteristics of applicants is a new activity for the staff, and, most certainly, an activity fraught with difficulties. They have received initial training in the "wholistic" grading method used by one of the national testing programs to evaluate student essays. Using this technique, staff will be assigning scores to the essays in which students discuss how their activities and experiences contribute to their qualifications for admission. For

*(continued on page 22)*

### Editor's note:

In response to President Kenneth Keller's original Commitment to Focus plan, the school has been reducing its new undergraduate admissions for the regular business program since fall 1986, and has set a target enrollment of 1175 new students by the 1988-89 academic year.

However, the university's new plan, published in February, calls for reducing the number of new students even further—to 750 students by 1990—and for establishing a minor program for 250 students. These newly mandated cuts will make the admissions process even more stringent than it is now.

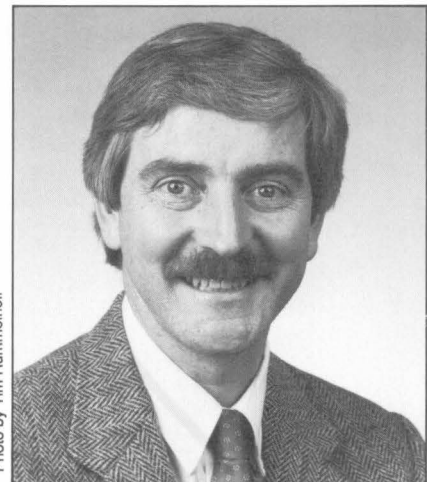


Photo by Tim Rummelhoff

*Jerry Rinehart is director of Undergraduate Studies at the Carlson School.*

# Campus news

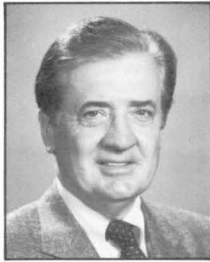
## Nine new members join the Carlson School Board of Overseers



*Coleman Bloomfield*



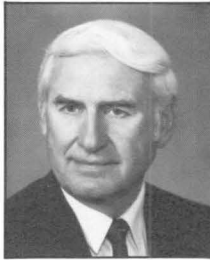
*Albert Etchelecu*



*James Howard*



*Thomas Madison*



*Gerald Mitchell*



*Laurence Perlman*



*Terry Saario*



*Robert Taylor*



*James Watkins*

Nine executives from the Twin Cities were installed as new members of the school's Board of Overseers at their annual meeting last fall. They are:

Coleman Bloomfield, chairman, president and CEO of Minnesota Mutual Life Insurance Co.  
 Albert D. Etchelecu, president and CEO of Diversified Energies, Inc.  
 James J. Howard, president and CEO of Northern States Power Co.  
 Thomas F. Madison, president of Information Markets Group, US West Corp.  
 Gerald J. Mitchell, executive vice president of Cargill, Inc.  
 Lawrence Perlman, executive vice president of Control Data Corp.  
 Terry Saario, president of Northwest Area Foundation  
 Robert R. Taylor, president and CEO of Minnetonka Corp.  
 James Watkins, president of Golden Valley Microwave Foods

Four members retired from the board this year after completing their terms. They are: Vernon Heath, president, Rosemount, Inc.; Geri Joseph, senior fellow, Hubert H. Humphrey Institute of Public Affairs; Don McCarthy, chairman and CEO, Northern States Power Co.; and Jim Spicola, president and CEO, Cargill, Inc. Barbara Armajani, CEO of Pinstripes Petites, Inc., resigned. The board's total

membership is currently 42 (see complete list on page 1).

Members, chosen from among individuals who have demonstrated leadership in their fields, are invited by the dean to join the board. They serve three-year terms.

The dean also selects the board's chair, who serves for three years. The current chair, William Hodder, chairman, president and CEO of Donaldson Co., is serving a second three-year term.

The school's Board of Overseers does not have governance responsibility, but serves as an advisory group to the dean on programs and activities, meeting three times a year. The dean may also seek advice from members between formal meetings, or establish committees to address specific issues.

More importantly, the board serves as a link between the school and the management community it serves. The individual members, by identifying with the school and providing counsel, make a very important contribution toward the recognition we seek as a leading business school.

### In memoriam

Thomas Dale, chairman and CEO of Dain Bosworth, Inc., and a member of the Carlson School's Board of Overseers, passed away on March 2, 1988. He will be greatly missed.



Photo by Tim Rummelhoff

Chatting at the fall 1988 Board of Overseers meeting are Duane Kullberg, managing partner and CEO of Arthur Andersen & Co., David Dittman, chairman of the Department of Accounting, and Curtis Carlson, chairman and CEO, Carlson Companies, Inc.

## SMRC receives international recognition

The Strategic Management Research Center (SMRC) has received international recognition for its work. The Association of European Operational Research Societies and the Institute of Management Sciences have invited the SMRC to present a workshop devoted solely to the center at its international conference in Paris next summer.

Mary Lippitt Nichols, director of the SMRC and associate professor of strategic management and organization, has organized the workshop, called "The Strategic Management Research Center: Contributions to Innovation and Entrepreneurship." Nichols and Paul Reynolds, professor of sociology, will discuss the center's six interdisciplinary research programs. M. Scott Poole, associate professor of speech communication, will give an overview of the Minnesota Innovation Research Program. Balaji Chakravarthy, associate professor of strategic management and organization, will present a paper on the strategic management of innovation and productivity.



Photo by Jeff Grosscup

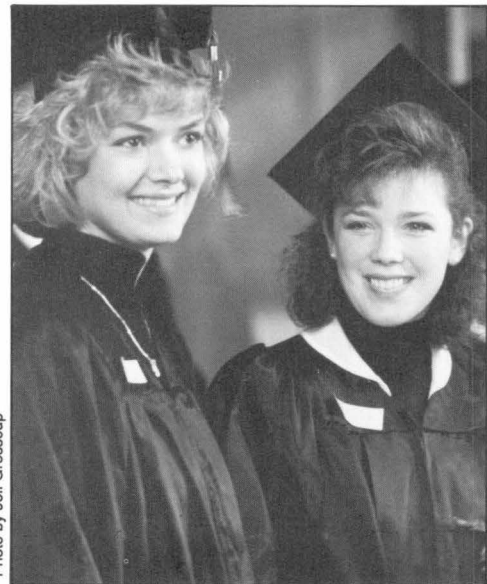


Photo by Jeff Grosscup

## Winter commencement features Andy MacPhail

Minnesota Twins Executive Vice President Andy MacPhail (*above left*) presented the keynote address at the school's combined BSB/MBA commencement ceremony in December, in which he discussed the management principles followed by the Twins Baseball Club.

More than 900 guests and 171 graduating students filled Willey Hall, with standing room only remaining. The Capitol City Brass Quintet performed during the ceremony and the reception following. The total number of students who graduated winter quarter was 320 undergraduates and 60 MBAs. Degrees were conferred by Regent Wally Hilke.

## Carlson School tops Harvard, MIT as contributor to MIS literature

The Carlson School was cited as the second most active institution in contributing to MIS research articles in a paper presented at the 1987 Decision Sciences Institute annual meeting. According to Jung Shim and John English, co-authors from Mississippi State University, "New York University, The University of Minnesota, Harvard, MIT, and Florida International University account for about 30.8 percent of the total domestic MIS related contribution" to the five top-rated MIS journals.

The rankings are based on contributions to the journals *Management Science*, *Communications of the ACM*, *MIS Quarterly*, *Harvard Business Review* and *Decision Sciences*.

In addition, Carlson faculty members Gerardine DeSanctis, Gary Dickson and James Wetherbe, and four of our Ph.D. graduates were listed among the top 17 most prolific writers in the MIS field.

The most active institution was found to be New York University.



Photo by Jeff Grosscup

## Gary Dickson receives visiting professorship at St. Cloud

Management sciences professor Gary Dickson has received the John F. Mee Distinguished Professorship for the 1987-88 academic year to develop the MIS program at St. Cloud State University.

The professorship was established by the Irwin Family Foundation and is administered by the American Association of Collegiate Schools of Business (AACSB). Its aim is to encourage excellence in business education by stimulating creative and innovative programs. Dickson and St. Cloud State University were both chosen through a national competition for the professorship.

Dickson has joined the faculty of St. Cloud's Department of Business Computer Information Systems for the 1987-88 year. His responsibilities include encouraging faculty research, developing the undergraduate MIS curriculum, establishing a graduate program and coordinating a summer MIS research conference at St. Cloud.

## Executive Development Center introduces exclusive discussion series

The Carlson School's Executive Development Center (EDC) has launched a new lecture and discussion series this winter for selected senior executives called the 21st Century Program. It was designed to bring together key managers and nationally-known management leaders in a format that allows for substantive discussion about critical issues.

Bill Scheurer, director of EDC, planned the program along with representatives from 15 companies—Cargill, Carlson Companies, CitiBank, Control Data, Cray Research, Ecolab, First Bank System, General Mills, Hewlett Packard, Honeywell, Honeywell Bull, 3M, Medtronic, Northern States Power and Pillsbury.

To participate, companies apply for membership, and may then send up to three key executives who are within

Carl Adams, chairman of the Department of Management Sciences at the Carlson School, says, "This effort by Professor Dickson is clearly the type of interaction that we see as being envisioned in the Commitment to Focus. It enhances the quality of undergraduate instruction at one of the state universities and it increases our research interactions with their faculty."

Dickson is a leading figure in the MIS field and played a large part in developing the Carlson School's undergraduate and graduate MIS programs. Since 1983 he has been the program director for the AACSB Information Systems Faculty Development Institute, which is addressing the problem of a shortage of doctoral faculty in the field. He was also the founding senior editor of the first academic journal in the field, the *MIS Quarterly*, and has published several MIS textbooks.

two reporting levels of the CEO. Scheurer reports that 45 individuals from 23 companies have enrolled so far.

Speaking this year, on the topic of transitional leadership, are Thomas Wyman, former CEO of CBS; Anthony Athos, the Jesse Isidor Straus Professor of Business Administration at Harvard Business School and co-author of *The Art of Japanese Management*; Archie McGill, former president of AT&T; and Robert Waterman, co-author of *In Search of Excellence*.

Scheurer sees the 21st Century Program as an important new direction for the Carlson School to take in executive development. "It fills a need for top-level executive development that just wasn't available in the area until now," he says. "And the response has been very positive."



Richard Knowlton

Roger Upson

## Knowlton and Upson honored at MEP graduation banquet

Richard L. Knowlton, chairman, president and CEO of Geo. A. Hormel & Co. was honored recently for the Austin, Minnesota company's support of the Carlson School's executive development programs.

Dean Preston Townley presented the award at the graduation banquet for the Minnesota Executive Program, a six-week business education program sponsored by the Executive Development Center (EDC). Hormel employees have enrolled in EDC programs for each of the 17 years they have been offered.

"The EDC is one of the oldest outreach programs sponsored by the school, and Hormel executives have been involved right from the start," Townley said. Knowlton is himself a graduate of MEP. There were 24 graduates this year.

Also honored at the banquet was Roger Upson, senior vice president and COO of Health Care Finance for HealthOne Corp., who received the Rose Bowl Award as this year's outstanding MEP faculty member. The award is conferred for commitment to the EDC, excellence in the classroom and participant evaluations. Upson has been teaching in EDC programs since its founding.

The EDC sponsors four different non-degree programs. In addition to MEP, there is a three-week middle management course that focuses on material similar to an MBA program, called the Minnesota Management Institute; a general management course for newer managers called the Minnesota Management Academy, and a lecture and discussion program for selected top-level executives called the 21st Century Program.

## NEW APPOINTMENTS

**Sarah Bonner** was hired as assistant professor of accounting. She received her Ph.D. from the Univ. of Michigan.

**Dale Goodhue** was hired as assistant professor of management sciences. He received his Ph.D. from MIT.

**Laurent Jacque** was hired as a tenured associate professor in strategic management and organization. He has an MBA in international relations from the Univ. of Pennsylvania and MBA and Ph.D. degrees from the Wharton School, where he taught from 1973-1985.

**Deborah Roedder John** was hired as an associate professor in marketing. She earned her Ph.D. at Northwestern Univ. and has taught at the Univ. of Wisconsin.

**George John** was hired as an associate professor in marketing. He received his Ph.D. from Northwestern Univ. and has taught at the Univ. of Wisconsin.

**Morris Kleiner** was hired as a professor of public affairs in the Humphrey Institute, with a joint appointment in industrial relations. He earned his Ph.D. in economics from the Univ. of Illinois.

**Cheri Ostroff** was hired as an assistant professor in industrial relations. She completed her Ph.D. in psychology at Michigan State Univ.

## GRANTS

**Dennis Ahlburg**, associate professor of industrial relations: All University Council on Aging grant to study "Returns to Retraining of Older Displaced Workers."

**Stuart Albert**, associate professor of strategic management and organization: Bush Foundation grant for a study of what people perceive to be profound vs. superficial knowledge of an organization.

**Mario Bognanno**, professor of industrial relations: Ilhae Foundation (Seoul, Korea) grant for further study on the demand for labor in Korea's manufacturing sector.

**Terry Childers**, associate professor of marketing: Faculty summer research fellowship for research on organization and representation in consumer memory; and a Dean's Innovation Fund grant for "Computer Assisted Advertising Copy Testing."

**Gary Dickson**, professor of management sciences: Dean's Innovation Fund for "The Application of Expert Systems to Human Services Client Eligibility."

**Gordon Duke**, associate professor of accounting and **Shyam Sunder**, Honeywell Professor of Accounting: Project

Woksape (IBM) grant to extend their work on computerized experimental markets.

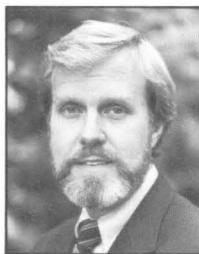
**Jack Gray**, professor of accounting: Fulbright grant for research and teaching at l' École des Haute Etudes Commerciales, 1988-89.

**Don Harper**, professor of management sciences: University's Center for Transportation Studies grant to conduct two energy-related research projects and seminars over the next two years.

**Deborah Roedder John**, associate professor of marketing: Dean's Innovation Fund for "Parent-Child Purchase Interaction."

**Paul Johnson**, Carlson Professor of Decision Sciences: Grants from IBM for a three-month feasibility study entitled "Expertise in Design and

## Faculty profile



### Paul Johnson

Management sciences professor Paul Johnson has been named the Carlson Professor of Decision Sciences, the first of the four professorships created by Curtis L. Carlson's \$18 million gift to the school in 1986.

Johnson, who is also the director of the Ph.D. Program and an adjunct professor of psychology and computer science, is known

nationally for his work on decision making and expert systems. His recent work has been funded by IBM, Control Data Corporation, U.S. West, the National Science Foundation, and the National Library of Medicine. His publications appear in the leading journals in the field.

Johnson's research focuses on the investigation of expertise in professional and technical fields. He has conducted studies of expert decision making in management, engineering, science, medicine, agriculture, quality control, auditing and law. He has applied the principles of cognitive science and artificial intelligence to the development of expert systems for use in training and decision support, and is currently examining the role of expert systems technology in the development of strategy and planning models in the firm.

"Much of our work aims at bridging the gap between strategy and technology," Johnson says. "We are working with both sides, because we want management to be able to take advantage of the technology that is available now and in the future."

Johnson is currently a member of a three-person interdisciplinary team of scientists funded by the university's Microelectronics and Information Sciences Center for research in software engineering and expert systems.

Troubleshooting Tasks"; Control Data for research on model-based diagnostic reasoning and strategies for knowledge acquisition; the National Library of Medicine for research training in medical informatics and the Center for Microelectronic & Information Sciences for software engineering of expert systems.

**Stefanie Lenway**, assistant professor of strategic management and organization: McKnight-Land Grant Professorship for research on the impact of trade protection on the U.S. economy. She has also received a faculty research grant from the Canadian Embassy for a study of the role of private interests in the negotiations of the U.S.-Canada Free Trade Agreement.

**John Mauriel**, associate professor of strategic management and organization: Bush Foundation grant for the Bush Principals' Leadership Program.

## AWARDS AND HONORS

**Chuck Manz**, assistant professor of strategic management and organization: Received a research appointment as a 1988-89 Bower Fellow at the Harvard Business School. His article, "Self-leadership: Toward an Expanded Theory of Self Influence Processes in Organizations," published in *The Academy of Management Review* in 1986, was nominated for the journal's Outstanding Scholarly Contribution Award.

## PUBLICATIONS

**Dennis Ahlburg**, associate professor of industrial relations: "Fertility and the Family," forthcoming in *Economic and Social Equilibria in a Modern Metropolis*; forthcoming from the Australian National University Press is *Migration Within and From the South Pacific*.

## Faculty profile



### Michael Houston

The American Marketing Association has announced that Michael J. Houston, chairman of the Department of Marketing and Business Law, will be the new editor of the *Journal of Marketing Research*. This is the top marketing journal and the editorship is one of the highest academic honors in the field.

"The *Journal of Marketing Research* is out in front of the others in introducing significant research findings," Houston says, "and it is the major source in the field for new or improved research techniques." Positioning the editorship at the Carlson School is a coup for the marketing department and will contribute greatly to the national visibility of the school.

Houston is committed to the value of academic publishing. "The academic publishing system is the best way for researchers to share important findings," he says. "Incremental advances are provided by academic research studies. Collectively and ultimately they provide a body of knowledge."

Houston has served on the editorial board of the *Journal of Marketing Research* since 1978, and also serves on the editorial boards of the *Journal of Marketing*, *Journal of Consumer Research*, and *Journal of Retailing*. He recently edited an issue of the *Review of Marketing*.

In his own research, he has been interested in consumer behavior and advertising effects, and is currently examining the use of non-verbal cues in advertisements. In 1985 he co-authored the textbook *Marketing: Strategic Foundations*.

**Amin Amershi**, associate Professor of Accounting: "Slow Discipline of Managers in a Rational Expectations Economy" (with **Shyam Sunder**, Honeywell Professor of Accounting), *Journal of Accounting Research*, 1987; "Blackwell Informativeness and Sufficient Statistics with Applications to Financial Markets and Multiperson Agencies," and "Explorations in the Theory of Single and Multiple Agent Agencies" (with J. Butterworth), *Economic Analysis of Information and Contracts*, G. Feltham, A. Amershi and W. Ziemba, eds., Boston-Amsterdam: Kluwer-Nijhof Publ. Co., forthcoming in 1988.

**Glen Berryman**, professor of accounting: "Analytical Review: A Defensive Necessity" (with F. Coglitore), *Auditing: A Journal of Practice and Theory*, forthcoming.

**Philip Bromiley**, assistant professor of strategic management and organization: "Do Forecasts Produced by Organizations Reflect Anchoring and Adjustment?" *Journal of Forecasting*, 1987; with **Alfred Marcus**, assistant professor of strategic management and organization: "Deadlines, Routines, and Change," *Policy Sciences*, 1987; and with **Alfred Marcus**, "The Rationale for Regulation: Shareholder Losses Under Various Assumptions About Managerial Cognition," *Journal of Law, Economics and Organization*, forthcoming.

**Arthur Hill**, associate professor of management sciences: "An Experimental Analysis of Capacity Sensitive Lotsizing Procedures for MRP Systems" (with A. Raturi), *Decision Sciences*, forthcoming; "A Model for Determining Tactical Parameters for Materials Requirements

Planning Systems" (with A. Raturi), and "Production/Operations Management Agenda for the 80's: A Progress Report" (with **Gary Scudder**, associate professor of management sciences and D. Haugen), *Decision Sciences National Conference Proceedings*, 1987; and "A Decision Support System for the Courier Vehicle Scheduling Problem" (with V. Mabert and D. Montgomery), *Omega*, forthcoming.

**Tom Hoffmann**, professor of management sciences, and **Gary Scudder**, associate professor of management sciences, "The Use of Cost-Based Priorities in Random and Flow Shops," *Journal of Operations Management*, 1987.

**Laurent Jacque**, associate professor of strategic management and organization: "The Expected Cost of Ruin and Insurance Premiums in Mutual Insurance" (with C. Tapiero), *Journal of Risk and Insurance*, 1987.

**George John**, associate professor of marketing: "The Role of Dependence Balancing in Safeguarding Transaction-Specific Assets in Conventional Channels" (with J. Heide), *Journal of Marketing*, forthcoming; and "An Organizational Coordination Model of Sales Compensation Plans: Theoretical Analysis and Empirical Test" (with A. Weiss and B. Weitz), *Journal of Law, Economics and Organization*, forthcoming.

**Paul Johnson**, Carlson Professor of Decision Sciences: "Strategies in Experimental Design" (with R. Meyer and **Chris Nachtsheim**, associate professor of management sciences), *Proceedings of the Joint Meetings of the American Statistical Association*, 1987; "Building Expert Troubleshooting Systems from Knowledge of the Design Process" (with I. Zualkernan), *Proceedings of the 1987 International Association of Science and Technology for*

*Development Conference*, M. Hamza ed., ACTA Press, forthcoming; "Audit Judgement Research" (with K. Jamal and **Glen Berryman**, professor of accounting), *Journal of Accounting, Organization and Society*, forthcoming.

**Salvatore March**, associate professor of management sciences: "On the Interdependencies of Record Structure and Access Path Design" (with J. Carliss), *Journal of Management Information Systems*, forthcoming; and "End User Computing Environments: Finding a Balance Between Productivity and Control" (with D. O'Donnell), *Information and Management*, forthcoming. Also edited *Proceedings of the Sixth International Conference on Entity-Relationship Approach*.

**Alfred Marcus**, assistant professor of strategic management and organization: "Implementing Externally-Induced Innovations: A Comparison of Rule-Bound and Autonomous Approaches," *Academy of Management Journal*, forthcoming; "Responses to Externally-Induced Innovation: Their Effects on Organizational Performance," *Strategic Management Journal*, forthcoming.

**Raymond Noe**, assistant professor of industrial relations: "Women and Mentoring: A Review and Research Agenda," *Academy of Management Review*, 1988.

## EDITORIAL APPOINTMENTS

**Amin Amershi**, associate professor of accounting: Editorial board, *Contemporary Accounting Research*.

**Richard Arvey**, professor of industrial relations: Editorial board, *Journal of Applied Psychology*.

**Pat Hess**, associate professor of finance: Named associate editor, *Journal of Finance*.

**Arthur Hill**, associate professor of management sciences: Named associate editor, *Decision Science*.

**Deborah Roedder John**, associate professor of marketing: Reappointed to the editorial board, *Journal of Consumer Research*.

## ACTIVITIES

**Dennis Ahlburg**, associate professor of industrial relations, was appointed to the board of advisors of the National Council on Aging's Institute of Age, Work and Retirement.

**Amin Amershi**, associate professor of accounting, was appointed a member of the American Accounting Association Screening Committee for Notable Contributions to the Accounting Literature Award for 1987-88.

**John Anderson**, associate professor of management sciences, served on a panel on Research and Publication in Decision Sciences at the National Conference of the Decision Sciences Institute.

**Richard Arvey**, professor of industrial relations, will travel to Japan for four months under the Carlson School's exchange program with Keio University in Tokyo. He was also elected to the Member-At-Large Committee of Division 14 of the American Psychological Association.

**P. George Benson**, associate professor of management sciences, will be the track chairperson for the Decision Analysis and Statistics Track of the National Decision Sciences Institute Conference in 1988.

## PRESENTATIONS

**Dennis Ahlburg**, associate professor of industrial relations: "Fertility and the Family," in Milan, Italy and "Gender Difference in Wages," at the Univ. of London.

**Amin Amershi**, associate professor of accounting: "Transfer Pricing: The Economics of Dominant Strategy Equilibrium Mechanisms under Information Asymmetries and Moral Hazard," at the American Accounting Association annual convention.

**P. George Benson**, associate professor of management sciences, and **Shawn Curley**, assistant professor of management sciences: "Forecasting Corporate Earnings: The Incentives of Biases of Security Analysts," at the ORSA/TIMS annual meeting.

**Mario Bognanno**, professor of industrial relations: Submitted "Employee Relations and Technological Change in the Office: A Case Study of Minneapolis' 911 Innovation" to the Bureau of Labor-Management Relations and

Cooperative Programs, U.S. Department of Labor in Washington D.C.

**Philip Bromiley**, assistant professor of strategic management and organization: "Corporate Risk-Taking and Performance" at the ORSA/TIMS annual meeting. He also served as program chair in the formation of the TIMS College on Organizations.

**Gary Carter**, assistant professor of accounting: Comments on "Some Evidence On the Effects of Tax Credits on the Demand for Risky Assets," by Charles Swenson, at the Arthur Young, Univ. of Oklahoma Conference on Contemporary Tax Research.

**Chun Chang**, assistant professor of finance: "Dynamic Structure of Optimum Debt Contracts" at the Symposium on Strategic Issues on Financial Contracting at Indiana Univ.

## Faculty profile



### Gordon Davis

Gordon B. Davis, Honeywell Professor of Management Information Systems, was on leave last academic year at the National University of Singapore as the first Shaw Professor of Information Systems and Computer Science. The professorship, endowed by the Shaw Foundation, was awarded to Davis after a worldwide search.

While in Singapore, he conducted courses and seminars, and assisted the university in developing their MIS education and research programs. He also consulted with the boards, agencies and institutions that are involved in a national plan to make Singapore a center of information technology.

Davis was invited to visit several other countries during the year as well. He spent three weeks in China giving 15 lectures in four cities. He also spoke to professional groups and academic institutions in Thailand, Malaysia and Indonesia.

Davis' work is well known in the East, and his textbook on the conceptual foundations of MIS has been translated into French and Chinese. He is also the U.S. representative to the International Federation for Information Processing, and is vice chairman for Technical Committee 8 (Information Processing).

"My year in Singapore and lectures in other countries expanded the already strong worldwide influence of the MIS program at Minnesota," Davis reports. "I was pleased to record the strong belief across this part of the world that Minnesota has the premier doctoral program in MIS."

**Shawn Curley**, assistant professor of management sciences: "Seeking and Applying Diagnosis-Relevant Information," with M. Young and J. Yates, at the Ninth Annual Meeting of the Society for Medical Decision Making.

**Arthur Hill**, associate professor of management sciences: "Just-in-Time Not Just In Japan" at a Univ. of Minnesota Executive Development Center Seminar and "A Tutorial on Production Scheduling and Simulation" at the Honeywell Simulation Symposium.

**Paul Johnson**, Carlson Professor of Decision Sciences: Gave a presentation to faculty and students in the Decision Research Group in the Graduate School of Business at the Univ. of Chicago.

**Deborah Roedder John**, associate professor of marketing: "Age Differences in Product Categorization" at the annual conference of the Association for Consumer Research.

**Peter Ring**, associate professor of strategic management and

organization: "Rethinking the Strategic Environment" at the Ninth Annual Association of Public Policy Analysis and Management Research Conference, and "Transaction Costs, Competitive and Political Strategies: Managing Political Risk," with **Stefanie Lenway**, assistant professor of strategic management and organization, at the Annual Meeting of the Academy of International Business.

**Shyam Sunder**, Honeywell Professor of Accounting: "Market for Information: Experimental Evidence" at Baruch College in New York.

**Andrew Whitman**, professor of risk management and insurance: "Does the Stock Market Matter? How Strong is the World Economy and How Much is it Affected by the Stock Market?" at a West Bank Union Issues and Ideas Program.

**Raymond Willis**, professor of strategic management and organization: The colloquium "Scenarios as Forecasts" to faculty of the School of Commerce at St. Mary's Univ. in Halifax, Nova Scotia.

## VISITING FACULTY

**Greg Hundley** is a visiting assistant professor in industrial relations from the Univ. of Oregon. He earned his Ph.D. in industrial relations at the Univ. of Minnesota.

**Yun-Zhong Mah** has joined the strategic management and organization department as a visiting associate professor, on leave for one year from the School of Management at Fudan Univ. in Shanghai.

**Mark Rosen** is a visiting lecturer in industrial relations from the Univ. of Wisconsin. He is presently completing and defending his dissertation in industrial relations.

**Lawrence Roth** is a visiting lecturer in industrial relations from Tulane Univ. He recently defended his dissertation in psychology.

**Chuntai Zhang** is a visiting scholar in MIS for one year. Chuntai has a B.A. in computer science and an MBA in management. He is Deputy Director, Means of Economic Planning, Division of Planning Systems and Methods, Institute of Planned Economy, State

Planning Commission in the People's Republic of China at Beijing.

## IN MEMORIAM

**Herbert G. Heneman**, professor emeritus of industrial relations, passed away on January 18, 1988. Professor Heneman retired in 1980, after 40 years of service to the university. He was director of the Industrial Relations Center from 1959-73 and chair of the graduate faculty in industrial relations from 1960-73. Memorials may be given in memory of Jane Heneman, his wife, and to the Friends of the Belen Public Library in Albuquerque, New Mexico.

**Reuel I. Lund**, professor emeritus of accounting, passed away on December 28, 1987. Professor Lund retired from the accounting department in 1965, after 42 years at the university. He taught primarily in intermediate accounting and auditing, and carried out responsibilities for correspondence study in accounting. As assistant dean, he advised many students. Memorials may be directed to the Accounting Research Center.

*(Rinehart—continued from page 15)*

students near the GPA cut-off point, this score may well be significant.

Follow-up sessions for students who participated in the earlier programs were held in February. An assessment session will be offered this spring for a new group of sophomores who have qualified for premanagement status.

Minimally, we believe the assessment program and revised application form will help befuddled undergraduates begin to sort out their

interests and abilities. We hope this experiment will also help us develop admissions policies that are flexible and sophisticated enough to ensure that the right students are gaining admission to the school. Finally, we believe the assessment program will help our seniors present themselves as well-rounded, self-aware individuals, able to talk convincingly about how their experiences outside the classroom have contributed to their educational and personal development. ■

*Faculty, alumni and friends of the Carlson School are invited to submit editorials for consideration for the MMR's opinion page. Send them to Martha Douglas, editor (address on page 1).*



# Alumni news

## A message from the president

For the past two years I have served as president of the Carlson School's Alumni Council, and this spring I will turn the position over to Miles Davenport, '85 Manager's MBA. It has been a very good two years for me personally, and, I think, for the alumni association as well. But most of the credit for this success goes to the many volunteers who have contributed their time and resources.

The biggest change over the last two years has been in both the quantity and quality of activities alumni have been involved in. Whereas the typical number of activities in the past was around 10 a year, this year the number is over 30. These activities have ranged from social events, to committee work to input on school programs. Alumni have met one-on-one with students to give career advice. Another accompanied school personnel to an MBA Forum in Chicago. The research committee conducted a survey of alumni interests, which has set the framework for much of our planning. More than 70 alumni participated in last year's Business Day. Many new programs and committees are off and running.

The important point here is that these activities have all been carried out by volunteers who have committed their time and energy to helping make the Carlson School a better school. The names of many of them were listed in the fall *MMR*, and I would like to extend my heartfelt thanks to all who helped make the past two years so successful for the Alumni Council.

I will be continuing my work on the council as chair of the Fundraising Committee, and would like to encourage your support of our efforts. We are experiencing great momentum at the school right now, but we need to back it up with our financial support. The school's goals should be important to all alumni because it means increasing the value of our degrees and providing the business community with an increasingly valuable resource.

Our new council president, Miles Davenport, is a very capable, organized, energetic individual who has a sense of humor and brings a certain flair to whatever he does. Please join me in welcoming him.



Photo by Tim Rummelhoff

*Kay Barber, '75 MBA  
President, Alumni Advisory Council*

## Mentoring receptions receive high marks from participants

Alumni-student mentoring receptions sponsored this year by the Alumni Council's Mentoring Committee have received a very positive response from participants. For the 15-30 students who have attended each time, they have been a valuable resource for learning more about careers and job opportunities outside the interview situation. For some, they have even led to interviews and referrals. Alumni participants, numbering 12-15 a time, report that they enjoy the opportunity to share their career knowledge or help students make contacts in their own companies.

Each mentoring reception begins with a brief program on topics such as finding a mentor or self assessment. But the main emphasis is on meeting each other, giving and receiving advice.

Most of the alumni who have participated in the receptions have been drawn from the Placement Office Alumni Career Advisors Network, which lists names and interests of alumni who have volunteered to be a professional contact for students. But anyone who is interested is invited to attend.

The final mentoring reception for this academic year will be Tuesday, April 26 in the Management Conference Center.

## Alumni leadership workshop to be held in May

Alumni who are interested in becoming involved in Alumni Council activities are invited to attend the fifth annual Alumni Leadership Workshop on Saturday, May 21 from 8:30 a.m. to 1:00 p.m. Current and new alumni volunteers will gather to meet each other, review the efforts of the past year and plan the coming year's alumni programs. Participants are asked to select a committee or specific interest area and come prepared to work on implementing plans for 1988-89.

The workshop will be held in the Management Conference Center, 180 Humphrey Center Building. The cost is \$9.00 and includes lunch.

## International Forum panel discusses business opportunities in the Soviet Union

New opportunities are opening up for Minnesota businesses to trade with the Soviet Union, say four international business experts who spoke at a recent Alumni Council International Forum program.

The medical, agricultural and food processing and packaging industries are especially likely to be successful, according to Sandra Renner, director of Export Development for the Minnesota Trade Office. Renner gave an overview of an upcoming Minnesota trade mission, which will travel to the USSR in May, representing at least 27 businesses from throughout the state.

*Glasnost* has helped in creating business opportunities, but there are still many difficulties. "Companies need to prepare for maddeningly lengthy negotiations," said Robert Aronson, an attorney who served as director of Control Data's Marketing Operations in Moscow from 1981-84. He said companies must negotiate with the ministry in charge of foreign purchases, with the product's end-user and with the Ministry of Foreign Trade.

Companies must also deal with U.S. trade restrictions. Pamela Olson, a trade specialist with the U.S. Department of



Photo by Jim Hansen

*At a recent Alumni Council International Forum program, four international business experts gave practical advice on doing business in the Soviet Union.*

Commerce, said applying for a license may take three months or more. Technical data must also be licensed, and Olson said that "data that assists in the design of certain products will likely be denied."

"The U.S.-Soviet trade relationship is dominated by political and security factors. The current administration will seek an improved trade relationship only in parallel with changes in other areas, such as human rights," she added.

Bruce Erickson, Carlson School professor of strategic management and organization, described yet another difficulty. The USSR does not have an international currency, and because the price of oil has been going down, the country is very short on foreign exchange. Companies must therefore be willing to explore countertrade and joint venture opportunities.

Despite these problems, Aronson said that the country's large market and centralized buying function still make it worthwhile to explore business opportunities there. "If you do score in the Soviet Union, you have an opportunity of scoring big," he said.

*At the next International Forum, on May 3, a panel of speakers will discuss trade with our neighbors—Canada and Mexico. It will be held in the Management Conference Center, 180 Humphrey Center Building, from 5:00 to 9:00 p.m.*

For more information on alumni activities, or to make reservations for any of the programs mentioned here, contact Jeanne Katz at (612) 625-1556.

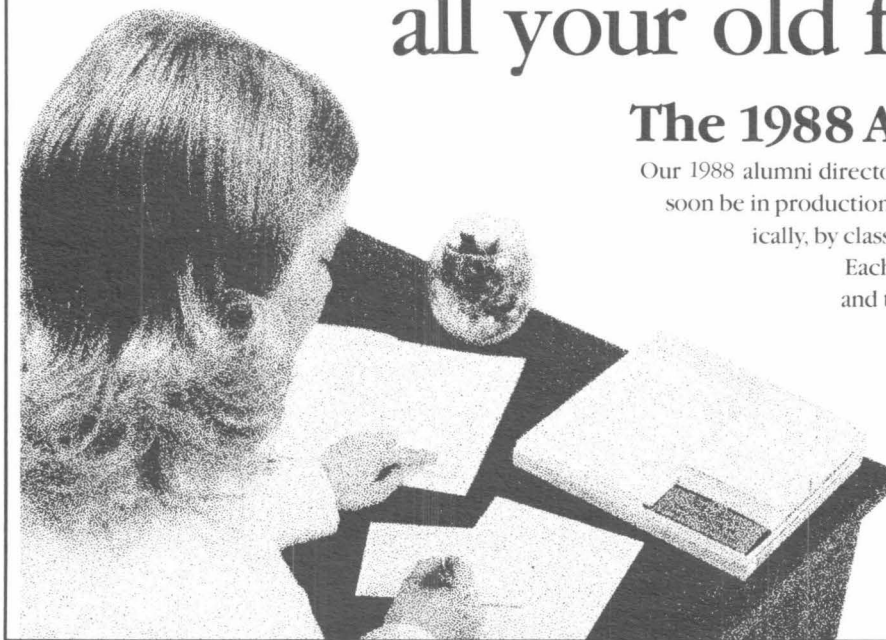
# Announcing a new book to renew all your old friendships.

## The 1988 Alumni Directory

Our 1988 alumni directory, that will include all living alumni, will soon be in production. The book will list each person alphabetically, by class year and by current geographic location.

Each member's home and business addresses and telephone numbers will also be recorded.

You'll be receiving a biographical information packet soon, so be sure to complete and return it promptly along with your order for a softbound or hardbound copy – and get back in touch with those old friends.



We are beginning a series of short features with this issue of the MMR called *Alumni Profiles*. This time the focus is on alumni who have been in the news, but future profiles will look at other kinds of achievements or interesting activities you have undertaken. You are invited to submit names and ideas for *Alumni Profiles* by sending them to Martha Douglas, MMR editor, or by calling her at (612) 625-0843.

192009

**Lee H. Slater**, '28, has passed away. He was former president and board chairman of West Publishing Co.

193009

**George E. Schnurr**, '39, has been retired for the last ten years but recently helped Kawel Track and Tennis Courts set up a new Arizona-California division. He lives in Fountain Hills, Ariz.

### Half Century Club reunion

Plans are being made now for the 1988 Carlson School fall reunion, which will feature Half Century Club alumni. The Half Century Club, formed last fall, recognizes alumni who graduated 50 years ago or more. You are invited back to campus for the weekend of October 7-8, which is also the university's Homecoming Weekend and "Just One U" celebration. Activities include meeting the dean, lunch at Coffman Union, a campus tour, dinner at the Humphrey Center and induction into the Half Century Club. Watch for more information to be mailed to you this summer.

194009

**Alden O. Meland**, '46, is a senior analyst for U.S.Y.P.G. in Yuma, Ariz.

**Donald E. Toland**, '49 MBA, associate professor of broadcasting services at Olivet Nazarene Univ., Kankakee, Ill., was honored as faculty member of the year 1987-88. He is taking early retirement in May 1988 to do freelance voice and radio production work in Colorado Springs, Colo.

195009

**Garland C. Brandt**, '53, died in January. He was an attorney who specialized in workers' compensation cases.

196009

**Michael Bozonie**, '69 MBA, was appointed to the full-time faculty of Metropolitan State Univ. in St. Paul.

**James Campbell**, '64, was named president and CEO for Norwest Bank Minnesota FA., into which 17 banks in the metro area are being merged.

**Victor W. Kirsch**, '60, is self-employed. The name of his firm is Keating Kirsch & Associates, Minneapolis. Victor recently earned an M.A. in financial services from American College.

**Wayne J. Nelson**, '62, died in December. He was director of manufacturing and publishing for Pacific Bell Directory, a subsidiary of Pacific Bell.

**A. Perry Wahlin**, '61, formerly director of accounting services for the Merchandise Group of Sears, Roebuck and Co., was recently promoted to vice president, comptroller of Terminal Freight Handling Co., a wholly owned subsidiary of Sears & Co., Downers Grove, Ill.

197009

**Frederic W. Busch**, '73, is president of Busch Travel Agency Inc., Alexandria, Minn., and was recently elected president of the Upper Midwest Chapter of the American Society of Travel Agents.

## Alumni profile



### Curtis L. Carlson, '37

*Town and Country* magazine has presented its 1987 Generous American Award to Curtis L. Carlson, founder and head of Carlson Companies and primary benefactor to the school. A feature in the December 1987 issue gives an account of his remarkable business success and history of charitable giving.

In 1976 Carlson became a founding member and leading promoter of the Minnesota 5 Percent Club, now known as the Minnesota Keystone Awards, whose 110 corporate members pledge to contribute from 2 to 5 percent of their pretax profits to charity. Carlson Companies has given 5 percent since 1959.

"Curt Carlson's conversion to the 5 percent idea carries great significance for American corporations today," the article says. "Carlson is a self-made entrepreneur who built his company from scratch and thus keenly appreciates the critical role of cash flow in stimulating corporate growth."

The article also praises Carlson's chairmanship of the university's \$300 million Minnesota Campaign, which he kicked off with his own \$25 million donation. The campaign has already surpassed its goal and has increased the number of endowed chairs from 17 in 1985 to more than 80 today. University President Kenneth Keller is quoted as saying, "Curt has meant everything to the university. There is no way one can overestimate the value of his support."

**Bob Buuck**, '71, has been named chairman of American Medical Systems, Minnetonka, Minn.

**James M. Froisland**, '78 MBA, was recently promoted to director of finance for Haagen-Daz Inc., Teaneck, N.J.

**Timothy O'Neil**, '79 MBA, has been named senior vice president and national sales and marketing manager at Miller & Schroeder Financial, Inc., one of the nation's largest bond underwriters. He will be based in Minneapolis.

**Tom Peterson**, '75, is eastern sales manager for Management Graphics, Bloomington, Minn.

**John Delmar Robinson Jr.**, '76, is general sales manager for Waste Management of Tucson, Ariz.

**Roger R. Schaeffer**, '76 MBA, is vice president for Continental Illinois Bank, Chicago.

**Susan Chadwick Stude**, '77 MBA, is the president and owner of Hampshire House, Charlotte, NC., part of the southeast textile industry. She married Roger Stude in 1983.

**John Lowell Sundman**, '75, is the controller for Vekich Arkema & Co., chartered CPAs in Eden Prairie, Minn.

**Thomas Sveum**, '72, is district operations manager for Airborne Express in Louisville, Ken.

**Robert W. Wright**, '78 MBA, is a partner in Coopers & Lybrand, Minneapolis.

**Marlene Gebas**, '80 MBA, is vice president and treasurer of Environet, Inc., Minneapolis.

**Michael J. McGroarty**, '80 MBA, is vice president of First Bank System, Minneapolis.

**Fereshteh Azad**, '81 MBA, is a financial planner with IDS Financial Services Inc., Plano, Texas.

**Jay P. Carstenbrock**, '81 MBA, is a district manager for Standard Oil in Columbus, Ohio.

**Lee Alan Clair**, '81 MBA, is director of marketing for IU International, Philadelphia, Penn.

**Angela M. Jelacic Erickson**, '81, is a self-employed financial consultant in Minneapolis.

**Darcy Stark Fabrizius**, '81 MBA, is product manager for Wisconsin Bell in Milwaukee.

**Scott D. Johnson**, '81 MBA, is a Ph.D. candidate in marketing at Michigan State Univ., in East Lansing.

**Frank A. Lynch**, '81 MBA, is marketing director for Chicago Cutlery in Minneapolis.

**Jill E. Quarnstrom**, '81 MBA, is the human resources manager in technology for The Pillsbury Co., Minneapolis.

**David Reynolds-Gooch**, '81 MBA, is product manager responsible for launching skin and consumer health care product lines for 3M-Europe in Brussels, Belgium.

**Maureen R. Steinwall**, '81 MBA, is president of Steinwall Inc., in Fridley, Minn. Her first child, Katie, was born last August.

**Bruce H. Voss**, '81, is an account supervisor for N.W. Ayer, an advertising and public relations firm in New York City. Bruce earned an MBA from New York Univ.

**Marcia Thompson Wachter**, '81 MBA, is a full-time mother. She and her husband are expecting their third child in June.

**Babette A. Apland-Stillwell**, '82 MBA, is executive director of Phillips Eye Institute, Mount Sinai Hospital, Minneapolis.

**Ross Levin**, '82, president of Creative Equity Resources, Inc. and Ross Levin Financial Group, both located in Minneapolis, was named one of the top financial planners in the country in the fall special issue of *Money* magazine.

**Kit Wiseman MacNee**, '82, is an investment broker with M.S. Kerns Investments in Clayton, Mo. She is also earning an MBA from the Univ. of Missouri. Kit

and her husband Jim are enjoying raising their year-old daughter, Megan.

**Jeffrey P. Norton**, '82 MBA, was appointed vice president, Manufacturers Division of First Bank System, Inc., in Minneapolis.

**Eric L. Peter**, '82 MBA, is assistant vice president of the Discount Corporation of New York Futures in Tokyo.

**Ronald J. Zenk**, '82 MBA, is vice president of finance for Surgidyne, Inc., Eden Prairie, Minn.

**Lindsay Shorter Glasgow**, '83 MBA, is in operations and special products for Mayo Medical Ventures at the Mayo Clinic in Rochester, Minn. She was married last November.

**Douglas P. Hendrick**, '83 MBA, is an account manager for Software A6 in Bloomington, Minn.

**Janene J. Hersch**, '83 MBA, is a management consultant for Peat Marwick Main & Co., New York City.

**Murkund R. Joshi**, '83 MBA, is a supervisor, gas supply management, for the Long Island Lighting Co. in Hicksville, N.Y.

**Shirley D. Kitzmann**, '83 MBA. After 3 years in the Minneapolis office of Hay Management Consultants, Shirley has joined their Chicago office as a principal consultant specializing in organization, design and effectiveness.

**Oliver P. Laurent**, '83 MBA, is a UNISYS project leader in MIS for the Carlson School.

**Laurie Talmage McGriff**, '83, is a law student at the Univ. of Alabama at Birmingham.

**Scott F. Peterson**, '83 MBA, is associate production manager for General Foods USA in Dover, Del.

**David O. Rasmussen**, '83, is an assistant controller for the Precision Engineering Co., Minneapolis.

## Alumni profile



### Barbara Mowry, '74 MBA

Barbara Mowry has been named by *Business Week* as one of "Fifty Women to Watch." She is president of MPI, a direct marketing company and subsidiary of United Airlines, located in Marina Del Rey, California.

MPI was originally formed to service one client and one program—United Airlines' Mileage Plus. The company now handles multiple clients and is a full-service, fully

integrated direct marketing agency. Under Mowry's direction, MPI has grown dramatically. In just four years, the number of services it offers has greatly increased and revenues have more than tripled. She was instrumental in developing MPI's state-of-the-art data processing capabilities, complete marketing services and a customer service operation.

Prior to heading MPI, Mowry was director of Strategic Planning for Air Cal, where she was responsible for economic and business forecasting, as well as fleet and route planning. She earned her bachelor's degree from Miami University in Oxford, Ohio. She lives in Santa Ana, California with her husband and daughter.

**Laurie S. Schnitzer**, '83 MAIR, is working in human resources management for NCR Corp. in Dayton, Ohio.

**Jean Enloe Swanson**, '83 MBA, is market research supervisor for 3M Co., St. Paul.

**Timothy B. Swanson**, '83 MBA, is assistant vice president of commercial lending for Norwest Bank, St. Paul.

**Valerie Wulf Temp**, '83, is a tax accountant with Lagum & Assoc., Minneapolis.

**Robert T. Trautman**, '83 MBA, is the manager of industrial engineering for Minnegasco, Minneapolis.

**Gene G. Tremaine**, '83, is a sales engineer for K-Tek Corp., Eden Prairie, Minn.

**Steven A. Weidenbacher**, '83, is the front desk foreman for Copper Mountain Resort, a world class ski and golf resort in Copper Mountain, Colo.

**Patricia G. Wyman**, '83, is a marketing representative for IBM Corp., Minneapolis.

**Patricia I. Yahnke**, '83 MBA, has recently been promoted to financial operations analyst for FMC Corp., Minneapolis.

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**Spiros Andronikakis**, '84 MBA, is a senior credit officer for the Ionian Popular Bank of Greece in Athens.

**Jan Hanson Angell**, '84, is a flexible benefits administrator for 3M Co., St. Paul.

**Kelly Carey Frankenfield**, '84 MBA, is a sales manager for US West Direct in Omaha, Neb.

**Randy Hedman**, '84 MBA, is a claim technician for the Employee Benefit Administration Co., Minneapolis.

**Steven J. Hengstler**, '84 MBA, has a new position as manager of group strategic planning at Northwestern National Life in Minneapolis.

**Kent W. Jones**, '84 MBA, is vice president for finance and administration for the Louisville Presbyterian Theological Seminary in Kentucky.

**Margaret Dieltz Knudsen**, '84, is in service quality assurance for IDS Financial Services Inc., Minneapolis.

**Steven L. Nygren**, '84 MBA, is a senior financial analyst for 3M Co., St. Paul.

**Finn R. Samuelson**, '84 MBA, is a credit officer for corporate clients for Christiana Bank in Oslo, Norway.

**Paul Tillman**, '84, is assistant product manager for the Kellogg Co. in Battle Creek, Mich.

**Charlene Bryan Steeves**, '84 MBA, is a contract representative for Honeywell-Military Avionics Division, St. Louis Park, Minn.

**Jocelyn T. Teh**, '84 MBA, is an applications support technical lead for the Electric Power Research Institute in Palo Alto, Calif.

**Ward Lenius**, '84 MBA, is a marketing information specialist for ADC Telecommunications, Minneapolis.

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**Michael D. Bash**, '85 MBA, is a financial analyst for First Bank System Inc., Minneapolis.

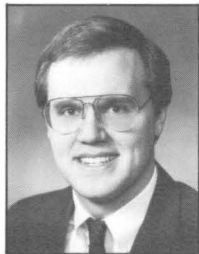
**Ruth Brandt Bash**, '85 MBA, is the manager of systems and projects for Lutheran Brotherhood Corp., Minneapolis.

**Shawn Marie Boyne**, '85 MBA, was recently appointed associate product manager for Wright Line Inc., Worcester, Mass., a filing system company.

**Kathleen Bailey Carlson**, '85 MBA, is the plant superintendent for Valspar in Kansas City, Mo.

**Rebecca Larsen Dahlstrom**, '85 MBA, is a senior consultant for Arthur Andersen & Co., New York City.

## Alumni profile



### Stewart Stender, '82 MBA

In their December 1987 "Business" section, *Twin Cities* magazine featured Stewart Stender, describing his outstanding success with the Twin Cities branch of Dallas-based Trammell Crow Companies, the country's largest private real estate development firm. According to *Twin Cities*, Trammell Crow controls more than 700 acres of commercial real estate here.

"I had no intention of going into commercial real estate, because to me it had a bad reputation in graduate school," the article quotes Stender as saying. "I was all destined to go back to work for IBM."

Instead, he was persuaded to join Trammell Crow. He became one of the company's 100 general partners in 1986, which means that he can now collect interest from his projects. Stender is partner in charge for the Carlson Center, a 300-acre development on highways 494 and 12 that will be the world headquarters for the Carlson Companies.

The article describes Trammell Crow and its partners as "aggressive and ambitious and speculative." Stender agrees, but adds that success does not come without hard work. "You don't have to be an Einstein to make money in this business, but you have to be relatively smart, you have to have common sense, you have to be a good salesperson with an agreeable personality... there is no special skill I can point to that sets me apart. Just a lot of hard work and long hours."

**Janet E. Ferguson**, '85 MBA, is a load research analyst for Pacific Power in Portland, Ore.

**Kevin W. Finn**, '85, is assistant vice president for Wood Gundy, Inc. in Calgary, Alberta.

**Stephen F. Flick**, '85 MBA, is an actuarial consultant for Executive Life Insurance Co., Los Angeles.

**Christine S. Fong**, '85 MBA, is a foreign currency options trader for Banque Paribas Suisse in Geneva.

**Jacqueline Hansen Hyde**, '85, is a senior tax accountant for United HealthCare Corp., Minnetonka, Minn.

**Mark J. Herold**, '85 MBA, is employment manager for Frito-Lay, Inc., Jackson, Miss.

**Craig A. Hill**, '85 MBA, is a mechanical supervisor for Oscar Mayer Food Corp., Goodlettsville, Tenn.

**Lorraine Ayral Kocen**, '85 MBA, is a senior accountant for General Telephone of California, Thousand Oaks, Calif.

**Mary A. Kulinski**, '85 MBA, is an assistant marketing research manager for General Mills Inc., Minneapolis.

**Rosemarie Orehek Lowry**, '85 MBA, is on a leave of absence from Northwestern Bell to accompany her husband David to South Africa for five months.

**Robin Reid**, '85 MBA, is a communications specialist for Micro Component Technology in Shoreview, Minn.

**William A. Rodriguez**, '85 MBA, is a senior account executive for Mona, Meyer & McGrath in Bloomington, Minn.

**Claudia Stenerson Swendseid**, '85 MBA, is manager of administration support for the Federal Reserve Bank of Minneapolis.

**Karen D. Thorson**, '85 MBA, is a market research analyst for Northern States Power Co., Minneapolis.

**David Charles Wasdahl**, '85, is a market research analyst for Fingerhut Corp., Minnetonka, Minn. He earned an MBA from the Univ. of Chicago in 1987.

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**Denice P. Elias**, '86 MBA, is a financial analyst for the American Hospital Association, Chicago.

**Susan Tomita Deeg**, '86 MBA, is a marketing research analyst for Kingman & Ford, Inc., Minneapolis.

**Maria Loundes de Faria**, '86 MBA, is marketing and sales director for Timex Portugal in Lisbon.

**Laurel A. Fischer**, '86, is a programmer/analyst with the Ford Motor Co., Dearborn, Mich.

**William P. Gerstner**, '86 MBA, is architectural project captain for Windsor Faricy Architects, St. Paul.

**Lynette K. Hough**, '86 MBA, is a systems analyst for Honeywell Inc., Minneapolis.

**L. Ann Kotrba**, '86, is a staff accountant for Touche Ross & Co., Minneapolis.

**Sarah F. Leaver**, '86 MBA, is a field manager for Ford Motor Co, Englewood, Colo. She is engaged to Brian Day of Vail, Colo.

**Fred J. Nehrling**, '86 MBA, is an assistant vice president for Marine Bank, N.A. in Milwaukee.

**Robert P. Thames**, '86 MBA, is the assistant hospital director for the Medical College of Georgia Hospital and Clinics in Augusta.

**Susan Renae Tibiatowski**, '86, is the personal computing coordinator for United HealthCare Corp., Minnetonka, Minn.

**Katrina A. Van Bursik**, '86 MBA, is a cost analyst for the FMC Corp., Minneapolis.

**Colleen A. Wheeler**, '86 MBA, is product manager for Forster Manufacturing Co., Wilton, Maine.

**Hirokazu Yuihama**, '86 MBA, is with the Yaimaichi Research Institute of Securities & Economics, Inc. in Japan.

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**Paul E. Bernstein**, '87, is a sales representative for Richardson-Vicks, Inc., a health care products company in Chicago.

**Sherry Kae Burke**, '87, is a supervisor in the business office of Contel of Minnesota in Mound, Minn.

**Kerry T. Chou**, '87 MBA, is a management resources analyst for Northwest Airlines, Minneapolis.

**Bruce J. Cibuzar**, '87 MBA, is marketing manager for the Soo Line Railroad in Minneapolis.

**Geroge S. Golub**, '87 MBA, is a financial analyst for Dean, Witter, Reynolds in New York City.

**Devon L. Graf**, '87 MBA, is a program analyst with the Bureau of the Budget, State of Illinois, in Springfield.

**Greg Guenther**, '87, is a productivity services assistant with Minnesota Mutual Life in St. Paul.

**Peter Halsor**, '87, is an assistant account executive with MORE Direct, Inc., Minneapolis.

**Michael A. Krause**, '87 MBA, is a support programmer for Skamp Computer Services, Inc., Eden Prairie, Minn.

**Corie Reif Lindeman**, '87 MBA, is the marketing research manager for HealthEast in St. Paul, a hospital and health care corporation.

**Rolf A. Madson**, '87, is a financial planner for Tandem Computers in Cupertino, Calif.

**Mary Jean Overend**, '87 MBA, is a senior medical technologist for the Univ. of Minnesota Hospital, Minneapolis.

**Betty Jo Peltier**, '87 MBA, and **Wade Wilson**, '87 MBA, were married in November. They both work in Boston.

**Daniel Petrick**, '87 MBA, is a marketing specialist for Minnegasco, Minneapolis.

**Patty Ribar**, '87 MBA, is a programmer/analyst for The Pillsbury Co., Minneapolis.

**John Edward Sinning III**, '87, is a portfolio management services supervisor for First Bank Systems, Minneapolis.

**Janet Schnieder Tillman**, '87 MBA, is the controller for Ronningen-Petter Division of the Dover Corp. in Portage, Mich.

**Timothy T. Weidenhaft**, '87, is an availability team administrator for Cummins Engine Co., in Columbus, Ind.

### Outstanding Achievement Awards

The Carlson School is now soliciting names of possible nominees for the Outstanding Achievement Award, the highest alumni award conferred by the university. In his column on page 2, Dean Preston Townley has discussed the history of this award and its meaning to the school. Please take a minute to give some thought to this important endeavor.

# CALENDAR

## March

**31** Alumni networking reception. Come meet former classmates and make new friends. Alumni Club, 50th floor of the IDS Tower in downtown Minneapolis. 5:00 - 7:30 p.m.



## April

### 19 Business Day

See inside front cover for details.

**26** Mentoring seminar and reception. Students and alumni are invited to meet and share information about careers. Management Conference Center, Humphrey Building. 5:30 - 7:30 p.m.



## May

**3** International Forum. A panel of speakers will discuss trade with our neighbors—Canada and Mexico. Management Conference Center, Humphrey Building. 5:00 - 9:00 p.m.

**17** Sports as a business seminar. A panel of local professional sports representatives will discuss the business side of sports. Radisson University Hotel. 5:00 - 8:00 p.m.

**21** Alumni leadership workshop. Alumni will meet to set plans and activities for the Alumni Council and its committees for the coming year. All are invited. Management Conference Center, Humphrey Building. 8:30 a.m. - 1:00 p.m.



## June

**12** Carlson School Commencement. Northrop Auditorium. 2:00 p.m.

### LOOKING AHEAD...

**October 7** Half Century Club reunion. Reunion activities for all alumni who graduated 50 years ago or more. The classes of 1947-49 will be invited back for the evening banquet, with the emphasis during the day on 1919-1938 grads. Activities include meeting the dean, lunch at Coffman Union, campus tour, dinner at the Humphrey Center and induction into the Half Century Club.

*For more information about these events, or about Alumni Council committee meetings and activities, call Jeanne Katz at (612) 625-1556.*

# And in conclusion



Photo by Tom Foley

*In a new Outward Bound session introduced this year as part of the Minnesota Management Institute (MMI), participants worked through seven problem-solving exercises that illustrate leadership and teamwork skills. MMI, one of four non-degree programs offered by the school's Executive Development Center (EDC), is held over three week-long sessions at Arrowwood Resort in northern Minnesota. For news about other EDC programs, see page 18.*

## Minnesota Management Review

Curtis L. Carlson School of Management  
University of Minnesota  
271 19th Ave. S.  
Minneapolis, MN 55455

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# Minnesota Management Review

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Spring/Summer 1988



Gordon Duke talks about the original  
number crunchers. *Page 6*



# Homecoming Reunion

October 7-8, 1988

## *50 years is a long time to be away*

If you graduated 50 years ago or more, this October is your chance to return to campus for some fun, entertainment and special recognition. During the Carlson School's Half Century Club Homecoming Reunion on October 7-8, you can visit campus, meet old friends and go to the Minnesota-Northwestern homecoming football game.

On Friday evening, you are invited to the Carlson School Reunion Banquet in the Humphrey Center Dining Room, where alumni who graduated 50 years ago will be inducted into the Half Century Club. The classes of 1947-49 are also invited.

## *"Just One U" Homecoming Celebration*

The university's "Just One U" Homecoming Celebration is taking place the week of October 2, so there will be many special activities all around campus.



## *Please join us!*

For more information, reservations and football tickets, call Jeanne Katz, Director of Alumni Development and Student Relations, at (612) 625-1556. We hope you can make it!

## *Here's the schedule*

### **Friday, October 7**

- 9:00 a.m. Registration. Room 205 of the Humphrey Building. Coffee and rolls will be served.
- 10:00 Welcome from the dean. Update on the school and the university.
- 11:00 Walk to Coffman Union.
- 12:00 p.m. Lunch at Coffman Union with current students.
- 1:30 On your own.
- 6:00 Reception and social hour. Humphrey Dining Room, Humphrey Building.
- 7:00-9:00 Reunion banquet and induction of new Half Century Club members.

### **Saturday, October 8**

- 4:30 p.m. Pepfest and Gopher Tailgate Party, downtown Minneapolis.
- 7:00 Homecoming Game. Minnesota vs. Northwestern. Humphrey Metrodome.

**Administration**

Preston Townley, Dean  
Timothy Nantell, Associate Dean

**Board of Overseers**

William Hodder, Chairman, Board of Overseers; Chairman, President and CEO, Donaldson Company, Inc.  
Barbara Adams, President, Associated Bankers, Inc.  
Bruce Allbright, President, Dayton Hudson Corporation  
Anthony Andersen, President and CEO, H.B. Fuller Company  
Coleman Bloomfield, Chairman and CEO, Minnesota Mutual Life Insurance Company  
Curtis Carlson, Chairman and CEO, Carlson Companies, Inc.  
Robert Carlson, Chairman, President and CEO, BMC Industries, Inc.  
Dennis Cavanaugh, Chairman and CEO, Soo Line Corporation  
William Cooper, Chairman and CEO, TCF Banking and Savings, FA.  
Albert Etchelecu, President and CEO, Diversified Energies, Inc.  
Luella Goldberg, Director, Northwestern National Life Insurance Company and TCF Banking and Savings, FA.  
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Pierson Grieve, Chairman and CEO, Ecolab Inc.  
N. Bud Grossman, CEO, Cogel Management Company  
Roger Hale, President and CEO, Tennant Company  
James Howard, President and CEO, Northern States Power Company  
Deborah Howell, Senior Vice President/Editor, St. Paul Pioneer Press and Dispatch  
Allen Jacobson, Chairman and CEO, 3M Company  
Lloyd Johnson, Chairman, President and CEO, Norwest Corporation  
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Gerald Mitchell, Executive Vice President, Cargill  
Glen Nelson, Executive Vice President, Medtronic, Inc.  
Dale Olseth, President and CEO, Bio-Metric Systems, Inc.  
Charles Oswald, Chairman and CEO, National Computer Systems, Inc.  
Lawrence Perlman, Executive Vice President, Control Data Corporation  
James Renier, President and CEO, Honeywell, Inc.  
Terry Saario, President, Northwest Area Foundation  
Richard Schall, Consultant-Retired Vice Chairman and CAO, Dayton Hudson Corporation  
John Stafford  
Gary Stern, President, Federal Reserve Bank of Minneapolis  
Robert Taylor, President and CEO, Minnetonka Corporation  
John Turner, President and COO, Northwestern National Life Insurance Company  
James Watkins, President, Golden Valley Microwave Foods  
Mervin Winston, Vice President of Professional Practices, First Bank System, Inc.  
Angus Wurtele, Chairman and CEO, The Valspar Corporation

The *Minnesota Management Review (MMR)* is published by External Affairs for alumni and friends of the Carlson School of Management. Direct correspondence to Office of the Dean, 271 19th Avenue South, Minneapolis, MN 55455. Telephone: (612) 625-0843.

**External Affairs Department**

Martha Douglas, Director, Communications  
Susan Fleishman, Director, Corporate Relations  
Jeanne Katz, Director, Alumni Development & Student Rel.  
Jan Windmeier, Director, Placement

The *MMR* is edited by Martha Douglas. It was designed by Dawn Mathers.

**On the cover:** Gordon Duke, director of the Accounting Research Center Archives, talks about adding machines through history in the story beginning on page 6. The cover photo was taken by Jeffrey Grosscup at Schiek's restaurant in downtown Minneapolis. The building, completed in 1862, was originally the Farmers and Mechanics Savings Bank. Machines similar to the one pictured on our cover were probably used for business there at one time. The photo on the back cover was taken by Tom Foley.

# Minnesota Management Review

Spring/Summer 1988

Vol. 7, No. 2

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## The original number crunchers

Gordon Duke conducts a visit to the Accounting Research Center Archives' antique adding machine collection.

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## The accounting profession today

Accounting Department Chairman Dave Dittman discusses current issues.

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## Time to cut bait?

Carlson School researchers examine the sunk cost effect.

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## A cross-cultural case study

Honeywell Bull provides an outstanding field for studying international strategic alliances.

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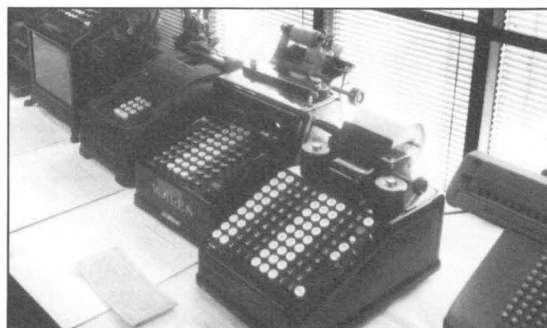
## Your job: Born to hate it or love it?

A study of twins gives evidence of a possible link between genetics and job satisfaction.

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## Going global

The school's first study abroad program and faculty exchange help internationalize the curriculum.



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# A Carlson School health report

*Strong progress continues  
amid uncertainty at the university*

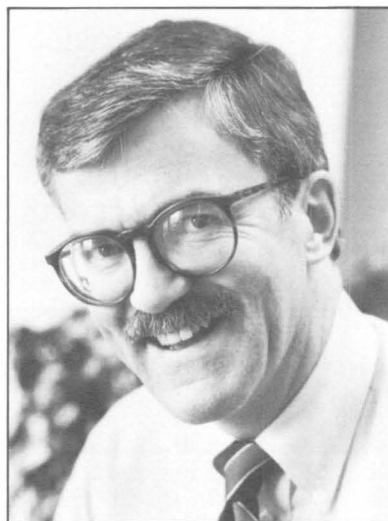
*by Dean Preston Townley*

1988 has certainly not been a joyous year, thus far, at the University of Minnesota. There is no need for me to recount here all that has transpired. The details have come to you from many sources.

What I would like to discuss is the state of health of the Carlson School of Management. Probably the question people ask me the most is "How are things at the school?" And my answer has consistently been, "darned good, thank you." We can't escape the rub-off of the events that have occurred in the university's central administration, but for a unit such as ours that has done so much in recent years to control its own destiny, there is a basic strength that comes into play.

Our growing reputation and capabilities are apparent in many areas. One is our ability to attract outstanding new faculty to join us, despite these turbulent times. Professors Allan D. Shocker and Larry L. Cummings are tremendous examples. As the new Carlson Chairs in Marketing and in Strategic Management and Organization, respectively, they bring outstanding records, superb reputations and great promise to us. Many fine new junior faculty have signed up as well.

In our academic programs the picture is very bright. Our Ph.D. Program received a very laudatory appraisal this past year from a group of nationally renown faculty from other schools. Our MBA Program is launching a modestly revised curriculum this fall that increases the opportunity for students to take more elective courses. Applications to the program are up, admission test scores and GPAs of applicants are up, and numbers of job offers and starting salaries for this year's graduates are up significantly. The quality



of our undergraduate students is also most impressive, and a reorganization into smaller section sizes has gone well.

Our performance in the now-winding-down Minnesota Campaign has been excellent. We have raised just under \$40 million. Aside from that being a lovely number, there are two other points worth making. First, the money is an expression of tremendous support for the Carlson School from the corporate community and key alumni. And second, the vast bulk of those dollars are dedicated to endowment, which means the benefits they will provide lie ahead of us. This is a clear reinforcement of our potential.

So is there anything for the Carlson School to be concerned about as the university works its way through this tough time of transition? Clearly, the answer is yes. And that concern is uncertainty. The course of future university leadership, the role and priority given the professional

schools in general and the Carlson School in particular, and the level of legislative funding to be accorded are critically important issues for us. Much has been accomplished in the past decade, and the growth in capability and reputation of the Carlson School is something of which we can all be proud. The financial support of the corporate community, in particular, has been marvelous during this period.

Much has been done, but there is great potential to do even more. Support from university and governmental leadership is essential. In a public university private support can and should go only so far. Key alumni and corporate leaders are already providing resounding support; future university and legislative support is now essential to meld the partnership. With positive action, there is no telling *how high is up!*

This time of uncertainty has a ways to go. But there is little value in holding up progress because of it. We will continue on the path we have so positively begun. Your support is essential—please keep it coming. ■

## News flash!

As we were about to go to press last week, Pete Townley announced that he is resigning his position as dean of the school to accept the post of president and CEO of The Conference Board, in New York, beginning in October. "I have very much enjoyed my job as dean of the Carlson School and I am confident that I am leaving the school in good shape," he said. Associate Dean Tim Nantell will serve as interim dean while a search for a permanent replacement is conducted.

*As I see it*

## U.S. firms should look for new business opportunities under the U.S.-Canada Free Trade Agreement

by Stefanie Ann Lenway

Congress will soon vote on whether or not to ratify the U.S.-Canada Free Trade Agreement (FTA), an agreement that will create a political environment in which the largest bilateral trading relationship in the world can continue to thrive. After a marathon negotiating session at the Treasury Department in October 1987, negotiators signed off the initial statement of principles that is the legal foundation for the actual trade agreement.

As Americans, we have had a different perspective on the critical negotiations than the Canadians. While the FTA has been front-page news in Canada since the beginning of the negotiations, many Americans are unfamiliar with it. But in spite of this difference, our negotiators have reached an agreement that will benefit both sides. The reduction of tariffs as well as the liberalization of trade in services will provide new opportunities for both U.S. and Canadian firms. The challenge for U.S. firms now is to use their vision to see opportunities where they did not exist before.

The underlying difference in the perception of the U.S. and Canadian negotiators stems from the difference in size between the two countries—the economy of the United States is about ten times that of Canada. And while Canada enjoys the economic benefits of trade with the U.S., it is also afraid of losing control over its economy and its cultural identity as a result of increased economic interdependence.

The way these differences affected negotiations can be seen, for example, in the discussions over the dispute settlement mechanisms for dumping and countervailing duty cases, and over trade in autos, energy and financial services. Without agreement on these issues, the FTA would not have been possible.

A few days before the agreement was reached, the Canadian team walked out of the negotiations, claiming the U.S. was not taking Canadian demands seriously enough. The walkout was triggered by a breakdown in the negotiations over how to deal with government subsidies of goods that are exported. The Canadians were willing to give up certain subsidies and asked the U.S. to give up some in return. They also asked to be exempt from

the U.S. administrative process that determines whether the U.S. could impose a countervailing duty to compensate for a subsidy, a process Canadian negotiators believe is highly politicized and produces decisions inconsistent with U.S. law. The U.S. had a difficult time responding, in part because American politicians do not believe the U.S. subsidizes its own private industry, and was not prepared to agree to discontinue certain subsidies, especially those provided by state development programs.

Politically, the walkout was a success for the Canadians because it raised the level of U.S. political involvement to include Clayton Yeutter, head of the Office of the Special Trade Representative, and Secretary of the Treasury James Baker. In the final negotiations, the Canadians also included the Minister of Trade, Pat Carney, and one of Prime Minister Mulroney's chief assistants. The involvement of top government officials such as these was necessary to resolve the remaining problems, which involved significant policy changes.

In the end, both Canada and the United States agreed to establish a binational commission that will replace judicial review in the event that either Canada or the U.S. is not satisfied with a countervailing or dumping ruling in the importing country.

The regulation of automobile trade between the U.S. and Canada was another touchy issue. Since 1966, duty-free U.S.-Canadian trade in automobiles and parts has been governed by the Auto Pact. Initially, the U.S. wanted to dissolve the Auto Pact because of the *perception* that certain safeguards that were agreed to by the Canadian government and subsidiaries of U.S. auto makers had resulted in a higher proportion of U.S. investment in Canada than would have been the case if only market forces were at work. The Canadian negotiators responded that precisely for this reason, they could not afford to give up the Auto Pact. They further demonstrated that market forces including the low Canadian dollar and lower wages for automobile workers had been the major factors for increased U.S. investment in the Canadian automobile industry. Ultimately, the negotiators agreed

to freeze membership in the Auto Pact and to phase out export- and production-based duty remissions as well as other Canadian policies that had the effect of making investment in Canada more attractive than the U.S. This agreement may make it possible, for example, for the Ford Motor Company to consider increasing its U.S. automobile production in places such as St. Paul, rather than building another plant in Canada.

In financial services, the difference in objectives between U.S. and Canadian negotiators stemmed in part from different banking and securities regulations in the two countries. Deregulation of financial services has proceeded much more quickly in Canada than in the U.S. Canadian banks can now own securities companies, whereas U.S. banks are pro-

*continued on next page*



*Stefanie Lenway, assistant professor of strategic management and organization, specializes in international trade policy and political risk and has carried out extensive research on the U.S.-Canada Free Trade Agreement. She is shown here moderating a Business Day 1988 panel discussion on the FTA. Lenway received funding for her research on the FTA from the Canadian Embassy and the University of Minnesota.*

hibited from owning them because of the Glass-Steagall Act. Canada has had stringent regulations that restrict the operations of foreign banks, while in the U.S., domestic and foreign banks are subject to similar regulations.

In negotiating the FTA, the United States' goal was primarily to eliminate the restrictions on subsidiaries of U.S. banks in Canada. Canadians argued that since U.S. banks could now acquire securities firms in Canada, Canadian banks should be able to do the same in the U.S., something our negotiators said was politically impossible since it would mean giving Canadian banks preferential treatment in the U.S. In the final agreement, Canadian banks have been guaranteed that if Congress amends the Glass-Steagall Act to allow banks to own securities firms,

Canadian banks will be able to take advantage of any changes. The Canadians, in turn, removed the restrictions that limited the size of a specific U.S. subsidiary as well as the aggregate amount of U.S. bank assets in Canada. As a result, Canadian subsidiaries of Minnesota banks will no longer face asset restriction.

The negotiations over energy trade went much more smoothly initially. Canada has an oversupply of electricity and could benefit from guaranteed access to the U.S. In exchange, Canada agreed not to restrict unduly the supply or raise the price of its exports during world-wide energy shortages. This agreement was, however, strongly criticized in Canada because as a northern country, Canadians are afraid of "freezing in the dark." Americans criticized the energy agreement because

American companies still cannot acquire healthy Canadian energy companies. But politically it was not possible to make this concession because of the Canadian fear that control over the development of Canada's energy reserves may end up in the hands of U.S. firms. For Minnesota energy firms, the FTA ensures that they have guaranteed access to lower-priced Canadian energy.

Given the distinctive economies of the United States and Canada, the competitive advantage of U.S. and Canadian firms will differ. Even though the FTA will result in increased competition in both economies, which may be perceived by some as a threat, many of the opportunities can be realized without causing serious economic dislocation in either economy. ■

## Stock market volatility and market for information

by Shyam Sunder

Since October 19, 1987, when the Dow-Jones Industrial stock price index declined by 508 points in one day, stock market volatility has competed with inflation and unemployment for the status of economic demon of our society. It has become fashionable to talk about an increase in stock market volatility and its real and imagined dangers. As we struggle to cope with our new obsession, we might keep a few points in mind.

Volatility of stock prices consists of two parts—increases and decreases. All that happened last October was that most of the increases since January 1987 were wiped out. Tripling of the Dow-Jones Industrial stock price index over the past five years represented an unprecedented run-up of prices. But few of those who worry about the volatility of stock prices today raised their voices until prices peaked. Perhaps it is not unreasonable to wonder if many of the concerns raised about stock market volatility have to do with loss of wealth and not with volatility *per se*.

After we have isolated our concerns over the decrease in stock prices from our concerns about the increase in stock market volatility, we might as well concede that there has, indeed, been an increase in the volatility of stock prices during the 80s. Before we decide whether

it is good or bad, and who is to blame, let's try to understand what factors determine this volatility.

First, there are influences over which stock traders have no control. The world economy has become more internationalized and interdependent. U.S. share in the world economy is now smaller and we are more sensitive to economic events outside our borders. The U.S. runs significant trade deficits, and to pay for these imports we must borrow or allow investors abroad to buy U.S. securities. Securities issued in the U.S. are now held more widely in the world and the conditions under which these investors choose to buy and sell depend not only on what happens here, but also on the economic conditions of the investor's country.

Recent years have also seen significant changes in the U.S. fiscal policy, including large budgetary deficits of the Reagan era and fundamental changes in the tax rate and structure. It would have been surprising if stock prices did *not* adjust to these significant events, which influence the fundamental value of practically all securities, and thus become more volatile. We could question the desirability of these policies and events, but no value judgments—good or bad—can be made

about the volatility that arises from adjustment of stock prices because of them.

Second, and more controversial, are changes in security market structure and investor behavior that may have caused an increase in price volatility. Mergers and acquisitions, insider trading, triple-witching hour, portfolio insurance, program trading, institutionalization of the stock market and round-the-clock trading around the globe are the usual suspects.

When an investor is willing to pay more than the current market price to acquire a firm's stock, the price rises close to this level. The price adjustment is the prime source of volatility from mergers and acquisitions. Investors do not usually resent this volatility and most of the objections come from the managers of target firms who may be afraid of losing their jobs under new investors. When real or imagined proposals for acquisitions fail to materialize, the stock price of the target firm declines and contributes to volatility. Variations in the stock price of acquiring firms are smaller. In any case, few complaints about the stock market volatility were heard during 1985-86 when merger and acquisition activity was at its peak.

Though most of the recent publicity on insider trading has centered on merger- and acquisition-related stocks, a much

larger phenomenon transcends such securities. There is a legitimate argument against insider trading that involves unfairly and illegally depriving investors of their wealth through misappropriation of information to which some people may have privileged access. However, there is no evidence that insider trading leads to increased market volatility. The information that insiders may trade on would have been publicly released anyway and the stock market would have adjusted to this information. Indeed, one can argue that insiders reduce market volatility by secretly using their information to their own personal advantage and allowing the market to adjust more slowly than would otherwise be the case.

Twenty-four hour trading allows investors to trade sooner than had been possible when trading occurred for only a few hours each day. Prompt release of information and adjustment of prices to such information should decrease—not increase—the volatility of markets, especially if it is possible to maintain common rules of the game that govern the operation of exchanges and the standards of quality on the information available.

The other four factors (institutional investment, triple-witching, portfolio insurance and program trading) are all intimately related to market volatility and have a common thread running through them—free riding on market information. There are limits to the amount of free riding allowed on market information. Many of the recent incidents of market volatility are caused simply by the attempts investors make to use new information technology to push free riding to levels heretofore unknown. As we discover these limits, volatile behavior caused by such incidents should also subside.

Institutionalization of investment in mutual and pension funds has led to a larger proportion of the investment decision being made by hired managers for their principals. But how is the principal, without the time or ability to know the market directly, going to judge whether the manager has made good investment decisions? Development of portfolio theory in the 1960s suggested a relatively painless approach to this problem: the manager should be judged not on the basis of the absolute but on the basis of relative returns—relative to the market as a whole after adjusting for risk. The underlying assumption of this model was that no single investor or portfolio manager has enough clout to influence the market in a significant manner and that the market prices all securities without bias at all times, given the information available at the time. Thus, the principal beneficiary of the portfolio

could free-ride on the ability of the market as a whole to price securities and evaluate the performance of the portfolio manager without investing much time and effort.

No free ride can last for long. As fund managers learned that their own evaluation would be based on relative performance, they acquired a stake in how other managers performed. If one fund manager expected the others to sell a stock, it became a matter of urgency to sell that stock first himself so he wouldn't be rated below the others. Theoretically, similar problems could have arisen if the principal managed his own portfolio on a short-time horizon because market movements would be just as important as they would be to a portfolio manager. A long-term investor, investing for himself, could, however, afford to ignore this. But this is not possible for a hired manager who is evaluated quarterly or annually.

My argument here is: institutionalization led to hired managers who made investment decisions with a shorter term decision horizon and were therefore more prone to take the decisions of others into account in making their own decisions, leading to higher volatility in the stock market.

Portfolio insurance and program trading uses fast computers to avoid losses and make arbitrage profits by continuously monitoring and trading in two or more markets simultaneously. These strategies have worked for many big firms largely because they have employed fast computers and software unavailable to others. This free ride cannot last either. As more investors and institutions discover these arbitrage opportunities, program trading will simply shorten the time span over which they exist from minutes to nanoseconds. As more and more investors bring faster and faster computers to monitor the market and take advantage of arbitrage opportunities, the magnitude and profitability of such opportunities will decline. When reduced profitability equals the increased cost of faster computers, this technological competition, too, will arrive in equilibrium and these trading strategies will have no residual effect on market volatility.

Triple witching hour is Wall Street jargon for the simultaneous expiration of three different types of derivative securities—stock options (puts and calls), stock index options and stock index futures. Trading in these derivative securities takes an informational free ride on trading in the underlying stocks. Imperfections of the market in the underlying stocks, even if they are slight, as in the case of blue chips, are amplified by the burden of this free ride and are revealed in the form of increased volatility at the time of simultaneous expirations of

contracts. Recent changes in the rules of these markets have led to a redistribution, not reduction, in this burden.

The increasing significance of institutional investors and of the derivative securities is symptomatic of a more basic phenomenon. As more and more people come to believe in efficiency of markets, they abandon information production in their search for winners and settle for the averages. This applies to the search for stocks as well as for professional money managers.

As individuals abandon information production and turn to derivative securities, portfolio insurance and institutional managers, less information about market fundamentals is available and it is in the hands of fewer people. With thinner distribution of information, the stock price becomes “noisier” in the sense that it does not reflect the information as precisely as it would had it been more widely available. This narrowing of information production is the fundamental source of increased volatility in the market.

It is tempting, from this point, to jump to the conclusion that stock market volatility could be reduced if we could write new regulations to prevent the information producers from making a profit out of it. On the contrary, it is the prospect of this profit that keeps these few from abandoning information production.

*continued on page 32*



*Shyam Sunder has been the Honeywell Professor of Accounting at the Carlson School. He is leaving the school this summer to begin a new position as the Richard M. Cyert Chair in Management and Economics at Carnegie-Mellon University.*

# The original number crunchers

*A visit to the Accounting Research Center Archives*

by Michael Finley



*A collection of antique adding machines at the Accounting Research Center provides a unique illustration of how technological advances have broadened our view of accounting, of business and of human possibility.*

You can still go out and buy an abacus, the mainstay of the accounting profession for its first 2000 years or so. You can find them for sale in toy stores or import/export novelty shops.

But for the big machines that crunched numbers for American industry during its gravy decades from the 1880s through the 1960s, the all-metal adding machines and calculators, you have to check the junk shops, antique dealers—or the Accounting Research Center Archives.

Even that's no easy task. The archives, directed by Gordon Duke, Carlson School associate professor of accounting, doesn't have visiting hours, and its exhibits are mostly stored in plastic bags inside cardboard file boxes, with a three-ring notebook for a tour guide.

Still, it's an extraordinary collection. Duke's obvious favorite is the 1906

Burroughs adding machine, "Style No. 7," he keeps by his desk in his office across the hall from the museum's storage room on the sixth floor of the Management and Economics tower. The Burroughs machine (the same Burroughs Corp. name that recently folded with Sperry Corp. into UniSys, with key facilities here in Minnesota), sports nine rows of keys, six columns across—its highest addable number is \$9,999.99. Watching it tally sums through its glass sidewalls is like watching a transparent cow at the State Fair make milk in its four stomachs. And each sum is rewarded with the crunching sound of the crank.

"This machine is the prototype for all adding machines," Duke said. "It was a quantum leap over the abacus, not for reasons of speed—the abacus is actually faster—but because it featured a print head." Every calculation included a printed report, exactly like a cash register receipt. "And that allowed for error correction, which was impossible using an abacus or simply adding in one's head."

Duke keeps an engraving over his desk that could be taken straight out of Dickens' "A Christmas Carol"—a lowly accountant, perched on his three-legged stool, cuffs protected against inkstains as he laboriously marches his quill pen up and down the long columns of ledger paper.

"Scrooge, Marley, and Cratchet all did it that way," Duke said. And the limitations of the process imposed an invisible ceiling—not only over the accounting profession, which could do little more than count beans under such a system, but over business itself, which never knew much more about its doings than what could be added up in expenses and earnings over a year's time.



Accounting Professor Gordon Duke (left) and Research Assistant Jeff Hanson showed the Accounting Research Center Archives' collection of adding machines dating from the 1900s through the 1960s at this year's Business Day. "They are traffic stoppers," Duke says.



"We still have the books from many businesses before these machines came in, and it is astounding how complex businesses could function with such systems," Duke pointed out. "The railroads, in particular, had terrific calculating problems, because each charge involved a complicated nexus of distance, weight and surcharges for using other lines' tracks. It's fascinating to see how accountants coped with such challenges."

The arrival of the Burroughs, Marchant and Felt brands of steel, wood and glass adding machines at the turn of the century changed all that. In one sense they were simple binary cam devices—a gridwork of pulling rods and turning discs, each disk notched ten times, with each notch signifying a unit.

The engineering was developed in both England and the U.S. The work in England was primarily on computing machines such as a mathematician or engineer would use. The work in the U.S. was primarily on machines with business applications such as adding machines. These machines embodied the latest metallurgical and machining advances, but calculated in a clumsy fashion, to the point that multi-column computing required physically "carrying" the next decimal figure over to the next column, just as schoolkids did under the "old math."

***"The 1906 Burroughs is the prototype for all adding machines. It was a quantum leap over the abacus, not for reasons of speed—the abacus is actually faster—but because it featured a print head."***  
—Duke

The adding machines were the mainstay of the accounting profession, while calculators—machines with more functions, roughly analogous to today's pocket calculators—were preferred for more diversified work, as in engineering. In time nearly every machine could be jerry-rigged to multiply, divide, do square roots and the like. An early Felt & Tarrant machine had a dual keyboard—it added from top to bottom, but it could also be made to subtract from bottom to top, if one also added "1" to every subtrahend.

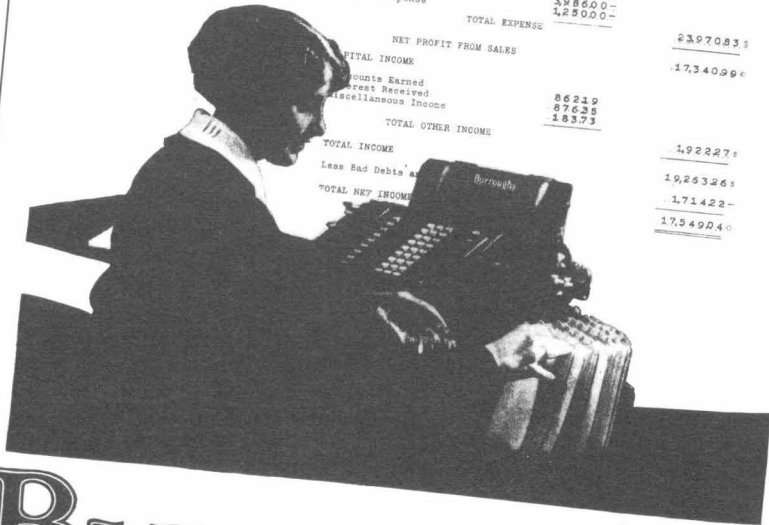
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PROFIT AND LOSS STATEMENT

Date September 30 1921

COST OF GOODS SOLD	000
Previous Inventory	26718.42
Merchandise Purchases	62469.11
Total Merchandise Handled	89187.53
Less Present Inventory	34671.79
Cost of Goods Sold	54515.74
<b>INCOME FROM SALES</b>	<b>54515.74</b>
Sales	55827.56
Less Cost of Goods Sold	54515.74
<b>GROSS PROFIT FROM SALES</b>	<b>41311.82</b>
<b>EXPENSE</b>	
Rent	25000.00
Light, Heat and Power	412.83
Postage, Telephone and Telegraph	335.92
Interest, Discounts and Allowances	859.50
Salaries	8227.73
Taxes and Insurance	815.48
Delivery Expense	1582.23
Depreciation	3886.00
General Expense	42800.00
<b>TOTAL EXPENSE</b>	<b>23970.83</b>
<b>NET PROFIT FROM SALES</b>	<b>17340.99</b>
<b>CAPITAL INCOME</b>	
Dividends Earned	862.19
Interest Received	876.35
Miscellaneous Income	183.73
<b>TOTAL OTHER INCOME</b>	<b>1922.27</b>
<b>TOTAL INCOME</b>	<b>19222.7</b>
Less Bad Debts and	19263.26
<b>TOTAL NET INCOME</b>	<b>17142.2</b>
	173490.4



# Burroughs

Adding - Bookkeeping - Calculating Machines

ADVERTISING SECTION

*From the November 1921 issue of The Burroughs Clearing House, published by the Burroughs Adding Machine Co., Detroit, Michigan.*

"It's awkward, and hard to master," Duke said. "But it's exactly the same method used by a computer to subtract."

The collection currently numbers under a score of machines, from different manufacturers, and from different eras, culminating in the last mechanical adding machines offered in the 1960s—in streamlined plastic cases and designer colors—just before the microchip arrived, and with it, portable, low-cost, high-speed calculation. Duke and research assistant Jeff Hanson have shown the collection twice already—at a recent meeting of the local chapter of the National Association of Accountants, and at this year's Carlson School Business Day.

"They are traffic stoppers," Duke said of the machines. "People are fascinated with the idea of moving parts 'thinking.' Many

*The drawing of the accountant (opposite page) is from the April 1922 issue of The Burroughs Clearing House, published by the Burroughs Adding Machine Co., Detroit, Michigan.*

students walk in just to tell me about a machine in their folks' attic that would make a good addition to the collection. We're always interested in acquiring new machines."

Duke, whose specialty in accounting is present and future information systems, doesn't see his fondness for the clunky beauties of the past as trivial, or as an aberration. Alongside his desk he keeps the "Style No. 7," a gleaming triceratops from the first industrial age. Atop his desk he keeps a *ne plus ultra* computing system—an IBM AT, an IBM PS/2 Model 80, driven by the superfast, multitasking Intel 80386 chip, a Hewlett Packard Laserjet II laser printer, plus monitors, keyboards, hard disks and a ton of software.

*"We still have the books from many businesses before these machines came in, and it is astounding how complex businesses could function with such systems."*

—Duke

One gets the idea that technology is a seamless web for him, flowing from the old into the very new, and that he is an enthusiast for both ends of the spectrum.

"The archives is a research project," he said, "and we take the research mission seriously. It's my conviction that if we are to understand where we are going, we have to understand where we have been."

Duke says that, despite leaps in technology, the same algorithms—mathematical "instructions" for solving problems—that drove "Style No. 7" drive the hand-held calculator today. In a way, the old machines were more sophisticated—their cams were notched decimally—in tens. Computers are binary machines—deep down they recognize only ones and zeroes.

"I used to think that ultimately computer development would slow down, and that we would plateau—word processors and spreadsheets would be very wonderful, and that would be it. Now it's clear that the development, and the adding-on of power, will never stop.

"I don't worry much about the charge that students are losing basic skills by carrying calculators and using computer spell-checkers," he said. "People who rely on basic skills are no more intelligent

than people who use the short-cuts, while people taking the short-cuts free their minds for the bigger picture."

Today we use the computer to write and calculate, he said. With a little more memory we can get resident checkers for grammar, spelling, thesauruses. Tomorrow accountants can hook up a CD-ROM device for instant access to on-disk encyclopedias, accounting standards, even VAX to emulate a full-fledged minicomputer. Modems put us in touch with remote stations. Area networks unify entire offices. Laser printers and desktop publishing software make us publishers. It is not hyperbolic to say that the accountant of today is a million times more powerful than the accountant of 100 years ago.

"The only minus I see today is that computers are terrible paper-wasters. We're still a long way from the paper-free office," Duke said.

Indeed, said Duke, the great lesson of the Accounting Archives is that each technological advance has broadened our view of accounting, of business and of human possibility. Today's accounting professional is supposed to understand and consult upon an entire range of business activities—and has gained a parallel elevation in esteem from the ink-cuffed, bleary-eyed days of Bob Cratchet. "Plus, there's no crank to pull," said archivist/futurist Duke.

*Mike Finley is a freelance writer working in the Twin Cities.*

Meet my two new decimal pals!

THANKS to these two symbols, there's never any doubt as to where the decimal goes in automatic division with the new Marchant Figuremaster. At the completion of the problem the carriage automatically positions itself and points off the decimal—under the  $\frac{\circ}{\circ}$  symbol for the division quotient, and under the  $\frac{\circ}{\circ}$  symbol for percentages. The Fully Automatic Figuremaster is ideal for heavy-volume figure work. The low-cost Semi-Automatic model is popular where the work is lighter. Both models are available in 10 or 8 bank capacities... choose whichever fits your requirements and business budget.

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*From the October 8, 1949 issue of Business Week, published by McGraw-Hill Publishing Co.*

# The accounting profession today

*Accounting Department Chairman David Dittman discusses current issues facing the accounting profession*

*edited by Martha Douglas*

**MMR:** How has the accounting profession changed in the past 15 years?

**Dittman:** Certainly one of the biggest and most important changes is the tremendous growth of technology over the last 15 years, and especially in the last 5.

**MMR:** What effect has this technological development had?

**Dittman:** One major effect is increased productivity on the part of the auditors. Individual staff accountants have their own personal computers that they take to the job. This means the traditional accounting worksheets can be stored on diskettes, and the accountant can download the information from a client's files into preset working papers. By using interactive and expert systems, auditors can plan the audit and assess its risk better. The write-up and review functions of the audit can also be streamlined considerably by downloading information into word-processing mode and printing it out in final copy. So the use of PCs decreases the amount of time needed to prepare audits, improves the types of analyses that can be made and aids in the review process. Furthermore, if these computers are linked through a telecommunications network, the working papers can be available for manager and partner review at the auditor's office.

But what is even more exciting is that as this information technology improves, we will be able to have on-line, real-time financial reporting data, and not just accounting statements at year-end. This will create many new challenges to the accounting and auditing professions.

**MMR:** What kind of changes in the auditor's job do you foresee in the future as a result of having access to real-time data?

**Dittman:** Instead of sitting down and auditing what a client has done over a period of time—that is, verifying the original entries, checking how they've been aggregated by the accounting system, and ensuring that the financial statements are presented in accordance with generally accepted accounting principles—the auditor's function could become more of a systems auditor. Instead of preparing a specific balance sheet or set of statements, the auditor will ensure that the financial

information system is accurately capturing all the relevant information. The audit opinion would expand to the attestation of the system's integrity as the focal point, and the specific statements as the resultant outcome.

**MMR:** How are we preparing our students for these kinds of technological changes?

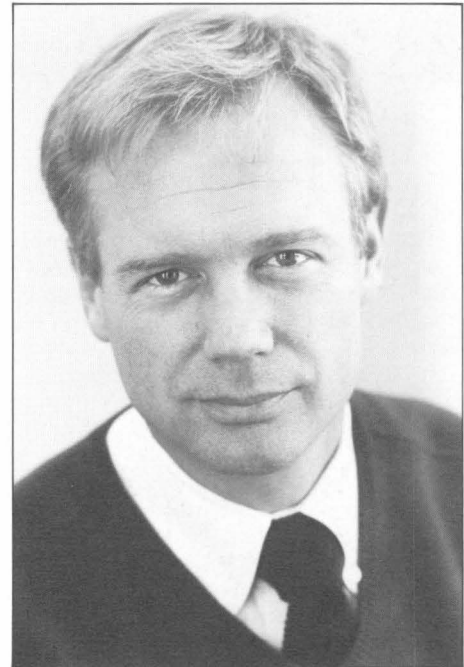
**Dittman:** There is certainly a major need for students to have hands-on computer experience. We have microcomputer applications in most of our courses as well as a systems course. All accounting students also have access to courses offered by our MIS faculty.

We now have the ability, with our new Touche Ross Executive Learning Center, for 30 terminals to interact with each other in a computer network. Information from each terminal can be displayed on a screen, and the instructor can ask questions and put on an overhead the work that is on a student's screen.

**MMR:** It seems that accounting firms have been involved in more frequent lawsuits recently. Why do you think this is happening?

**Dittman:** I'm not sure if there is more litigation against firms recently or if it is just getting a bigger play in the press. What happens is that if anything goes wrong everyone sues the auditor, and there have been an increasing number of cases in the last few years where the auditors have been more aggressive in their defense of these cases and winning. The audit doesn't necessarily go bad because the auditor did something wrong, but because management did something wrong and the auditors have not found it. The question becomes more one of the scope of the audit, and just what it is that the auditor should be able to detect. Auditors have never claimed to detect all fraud, because when people are acting illegally, they are going to take great pains to cover up what they're doing wrong. Consequently much fraud is not detected by the normal audit process, nor is it geared to detect that fraud.

However there has been some discussion—I wouldn't say a change in attitude, but certainly some discussion—by the leaders of the profession that since the public perception is that auditors are



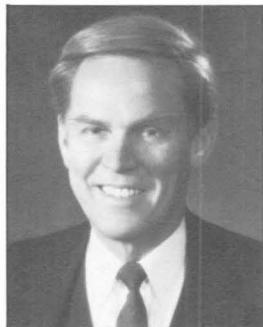
*David Dittman*

responsible for detecting fraud, and since people *think* the auditor *can* detect fraud, then maybe we ought to bite the bullet, so to speak, and take on this responsibility and institute the auditing procedures that would make it possible to do so. It would require a longer, more detailed type of audit in which the auditor would look at more specific transactions and even assess the quality and the integrity of management. Of course somebody is going to have to pay for this increased monitoring, and it should probably be the shareholders since the added benefits accrue to them.

**MMR:** What is the difference between managerial accounting and financial accounting and why is managerial accounting getting so much attention recently?

**Dittman:** Financial accounting basically deals with reporting the financial results of an entity according to generally accepted accounting principles. These financial statements provide a good sum-

## The view from inside



**Duane Kullberg, '54**  
Managing Partner and CEO, Arthur Andersen & Co.

Duane Kullberg heads one of the world's largest international accounting firms, with 215 offices in 49 countries. Arthur Andersen & Co. has been a leader in technological development within the firm and in MIS consulting, which is now about 35 percent of their total business.

"The wave of the future in computer technology is integrated systems and computer integrated manufacturing," Kullberg said. "For example, some sophisticated manufacturers now have systems to keep track of parts that are tied right into the systems of the manufacturers of those parts, so that they arrive at the factory right when they're needed. In other words, no hands are touching the process from beginning to end. This is called just-in-time technology. You'll start seeing more applications like this in the service industry as well, where computers have direct contact with customers. Automatic teller machines and catalog ordering from a home computer are examples."

Kullberg agrees with Dittman that the modern factory needs new kinds of cost accounting systems. "The old system is labor-driven, either in terms of dollars or hours. But this system is not reliable when labor is no longer an appropriate measure of costs," he said. "We're developing cost accounting systems with computer integrated manufacturers that use different measures for down-loading costs. This computer integration in all industries means that auditors will need skills for real-time, on-site verification of systems and controls. In the future accounting students will have to be strong in both their auditing and MIS skills, and universities will need to change the way they're training them."

Kullberg also commented on the recent incidents in which management consultants have split from their parent firms to form their own companies. He said "There is concern throughout the service industry because many consultants focus more on developing their technical skills than their general business and management skills. As a result, they tend to be attracted to situations where their technical skills come more into play. So far this is not a big problem for us. Most of our consultants have spent their entire careers here. We try to be responsive to their needs in all areas of their development. We believe that is what it takes to attract and keep the best people in this field." ■

many of the year's activity for corporate stakeholders, that is the stockholders and bondholders, both current and future, labor unions, suppliers, creditors, bankers, the IRS and the SEC. Currently the Income Statement, Statement of Changes in Financial Position and the Statement of Financial Position are reported quarterly by the corporation. All this financial information relates to activities that have already taken place, some of it up to a year in the past. But this is not necessarily the type of information managers need to run the day-to-day operations of the business.

To run the business, managers need to know very specific management accounting information, such as how much it costs to distribute a particular product, how much it costs to run the salesforce and market a particular product, and how much it costs to produce the product. They need to make resource allocation decisions for each product produced. They need to determine and implement the best configuration of machinery, human resource and space requirements so that the product can be produced in the most efficient and economical way. And a lot of the information they need to make these decisions is not generated by the financial accounting system.

Now there's a tie between product costs and the financial statements, which is what we call inventory. And a lot of people out there gear their internal systems to producing a number which generates an inventory value for the financial statements. The problem is that this number is an aggregate cost per unit, which does not provide the information managers need to make decisions about such things as the level of production, whether a product should be continued, whether a special order should be accepted, or the effects of different pricing strategies on product cost. So in a lot of American companies, you see the financial accounting system driving the managerial accounting system, and managers get caught up in short-run profit measurement. And since it costs companies extra money to obtain information they're not required by the SEC to obtain, these investments aren't made.

There has been a recent rebirth of management accounting proponents in corporations and the National Association of Accountants because American companies need to become more competitive internationally, and this has focused management on the benefits of knowing what their costs are on a long-term basis. The emphasis is on costs of production—on better methods of production, on economies of scale. Just-in-time (JIT) inventory is a hot concept in most American corporations today.

**MMR:** What is the relationship between JIT inventory concepts and cost accounting practices?

**Dittman:** Well, the problem is that many people now think that we weren't accounting for our inventories properly under the old EOQ formulas, and that anything associated with JIT is the way to go, and I'm not sure if that's best. JIT inventory says let's streamline the production process. But there seems to be a tendency in JIT inventory to allocate more and more costs down to the product, trying to show how the product bears the cost of the total operation, as opposed to streamlining the product down to its value-added cost.

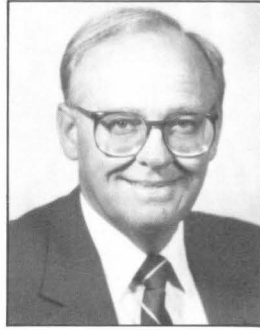
I think there should be a greater emphasis on the variable versus fixed costs, which leads to an interesting phenomenon in corporate America as technology advances and we begin to see robots replacing humans on the production line. What happens here is the classic example of adding a fixed cost and substituting it for a variable cost. Then in a break-even analysis, your fixed cost goes up and your variable cost goes down. This will require managers to pay much closer attention to product continuation margins and strategic pricing decisions. The fixed cost associated with individual products will need to be closely monitored and managed.

Actually, we're seeing something similar with labor contracts. When you establish a guaranteed minimum number of hours, you're changing a variable cost for a fixed cost. And just to allocate those costs into a product on a per-unit basis doesn't make a lot of sense to me because it hides the real cost of production. Cost of production now will change with volume.

**MMR:** What kind of changes in management accounting practices do you foresee?

**Dittman:** There is certainly going to be an emphasis on developing managerial accounting systems appropriate for manufacturing operations in increasingly fixed cost environments. But we shouldn't make the mistake of thinking we can arbitrarily allocate these fixed costs into a unit of product. I would like to see a managerial accounting system that emphasizes tracing fixed costs to those products which they directly serve and add value, and then assigning those total fixed costs in a segment report associated to the products they produce. Then you're not making a bad allocation decision about which products to produce. It's actually a joint cost problem, where you have common costs serving more than one product. If a fixed cost can be traced directly into one individual product, then it certainly should be assigned to it, but I still would resist reporting a cost-per-unit. You need to work out

## The view from inside



**Roger Roberts, '54**  
Vice President of Finance, 3M Company

Roger Roberts joined 3M in 1956 as a cost accountant, and has remained with the company ever since, moving up through the ranks to his present position in 1986. He has served as cost accountant, divisional accountant, divisional controller and group controller for many different 3M divisions. In 1983 he became vice president and controller for the company.

Roberts agrees with Dittman that accounting is a good major for people who are interested in a corporate career track. "The people in the upper echelons of a corporation have to have a broad business understanding, which you can get much better by working your way up through the accounting route rather than finance. This is especially true in companies that are as diverse as 3M. Our finance positions are much more specialized."

The advice he'd give accounting students trying to decide what area of the field to choose is, "Use an internship or summer employment, or any other means at your disposal, to test the waters in the various aspects of accounting. Also, take courses beyond your major that develop your computer science, communications and interpersonal skills. As you move up in a company, your technical background is pretty much taken for granted and it is these other skills that become important."

Roberts commented on the need for more relevant management accounting systems in today's changing environment, saying, "You need to be able to adapt your systems to provide management with information that's relevant and precise. You also need more global data today. Our systems are continuously evolving."

"The global aspect of the job is one of the biggest changes in accounting since I graduated from the university. Now you have to deal with people all over the world, so you have to understand their cultures and how they do business. Another dramatic change in the job is the whole area of social issues and human resources. How you relate to the environment, your employees, your hiring practices—25 years ago these were minor concerns. Now they are major concerns. People today need to be able to relate better. You won't get far if you're just a technical giant with no interpersonal skills." ■

the break-even on each product or group of products so that managers understand the product's cost structure and take control of it.

I think there are going to be some real challenges for management accountants, particularly in those corporations where they haven't really developed good management accounting systems to begin with. It's as though we've skipped a generation—the production process is changed, and if they were doing it wrong in the first place, there's no reason to believe they'll do it right now that they have a harder problem to solve.

**MMR:** Is there any academic research going on now to address these issues?

**Dittman:** This is an example of practice pushing academics. In the academic community, management accountants are just beginning to work on things such as the development of robotics, which will lead to flexible manufacturing environments and what people refer to as the modern factory, JIT inventory methods, and cost accounting in the modern factory. My biggest fear is that we're going to throw the baby out with bath water. Many management accounting concepts contained in current textbooks are still very relevant. It is important that changes to the managerial accounting system actually increase the information managers receive. We must be careful to test new ideas for proven value so that everyone doesn't jump on the bandwagon just because somebody introduces something new. It's very important for us to debate this issue and come up with good methods. However, industry doesn't have a lot of time for debate. They have to have answers and relevant information to make decisions. And while the old accounting system probably fails in many ways, we should try to maximize the benefit of any new system.

**MMR:** Let's talk about the growth of consulting within accounting firms. How has this come about?

**Dittman:** Public accounting firms, in their traditional roles, have day-to-day contact with corporate managers, who look to their public accountant to help them solve specific financial problems and to do financial analyses. So public accountants started to do special financial analyses for clients outside of the scope of the audit. And clients found that because accountants are exposed to a lot of different industries and companies within the same industry, they had a wealth of information on how to analyze a wide variety of business problems. And as this need for outside opinions grew, it became an additional source of revenue for the accounting firms and they began to hire

people with expertise in certain areas such as strategic planning, marketing, operations management, or management information systems.

Accountants have always provided management advisory services to their clients in the form of tax planning and tax return preparation, including both tactical and strategic tax planning, addressing issues such as where plants should be located, the advantages of foreign operations, and whether equipment should be purchased or leased. So providing management expertise in other areas of the business is just a natural outgrowth.

Also, corporations are seeing that they can be more productively managed if they cut down on their corporate staffs. As special projects come along that managers need advice on, they find it more economical and actually more productive to hire consultants who have broad industry or problem-specific experience.

**MMR:** What do you think about the consultants who are breaking away from their parent firms to form their own companies?

**Dittman:** I think they are making a mistake because they lose out on the effects of franchising. For example, tremendous investments go into training and developing the personnel in both consulting and accounting, and the large companies are geared toward this. If consultants split, they have to assume that training task. They also separate themselves from the auditors, who look at the overall financial picture of clients and are able to identify projects and referrals. There's also name recognition in franchising. When you think of Booz Allen and Hamilton, you think of strategic planning. With Arthur Andersen, it's systems consulting. And that fits very nicely in the relationship with the auditors and the tax people. One creates the system and one audits it.

**MMR:** Do you see more of our students going into consulting?

**Dittman:** There's a tremendous demand right now for accounting students, both industrial and public accounting. Every student we produce can find a good job. But I don't think we're seeing students just finishing a degree in accounting going into consulting as much as it is students who would have joined corporations as general managers or specialists going to management consulting firms instead. It's simply that the work is shifting from the in-house staff to outside consultants.

At the same time, there is a general decrease in the number of people going into accounting, which I think is entirely due to demographics. There are fewer college-age students and as we get our pro rata share, there are just fewer stu-

dents who are interested in accounting. Accounting, by the way, is one of the few professions that has been projected into the year 2015 to still be viable.

**MMR:** Do you think the glamour of finance and Wall Street is drawing some of these students away from accounting?

**Dittman:** No, I don't really think that's it. There are really so few people who are hired into those highly-paid Wall Street financial analyst jobs that the glamour is off, particularly after all the layoffs last October. I actually think that we lose more accountants to engineering. If you look at history, from about 1960 forward we had this big push to become a nation of scientists, to push the space frontiers forward, and a lot of emphasis went into space and technological development. And all the kids ran out to become engineers. There are very similar abilities required for both fields—an analytical ability and a desire to work with numbers and do detailed work. When the starting salaries for engineers is materially greater than that of accountants, as in 1964-68, we see fewer students choosing accounting. When this is reversed, as in the early 1970s, the ranks in the accounting programs increased. In recent years the engineers have commanded higher salaries again and hence there is some shifting away from accounting.

**MMR:** What are the major accounting firms doing to compete for talent?

**Dittman:** One problem that at least public accounting has is that starting salaries quoted for entry-level positions tend to understate the total compensation paid. Traditionally junior accountants have been paid on an hourly basis plus overtime. One firm, Price Waterhouse, is addressing this by dropping the concept of hourly pay for staff accountants and giving them a higher annual salary similar to that of engineers. They expect their new accountants to work as professionals, not expecting overtime pay if a job requires more than 40-hour weeks. To this they have added a bonus plan and a month's vacation. They are changing the incentive system. The end result should be greater productivity and higher compensation for new accountants because of it.

Under the standard system, if you're making a base salary of \$23,000 and you're being paid time-and-a-half for overtime, there's an incentive if you need more money to work a little slower in order to assure overtime. But if you take a system that says we're going to give you a bonus based upon your productivity but we're not going to pay overtime, then the incentive to work overtime is completely gone.

The incentive is to be efficient to get the job done and get on to something else to have more billable hours, so there's a bigger bonus pool for everyone to share.

**MMR:** How is the experiment going for Price Waterhouse?

**Dittman:** I think they've found that overtime is way down. But it's still too early to tell. And the other firms are waiting to see how productive this method of payment is.

**MMR:** With this increased competition for accounting students, what are we doing to encourage good students to come to Minnesota?

**Dittman:** We have been working with our Advisory Council to find ways to get the word out to students in high school. And basically the word is two-fold. First, that accounting is a good profession. It's one that provides many challenges and interesting work. It can be very exciting because of the various areas of business that you actually get involved in. It's not the profession that you often see portrayed on television, where you have a group of people with no social skills. Actually it's just the opposite—accountants need to have good interpersonal skills because they have to be able to communicate their accounting expertise with the corporation's management team. And since it's a people profession, they have to be able to manage other people.

The other part of the message to high school students is that accounting provides excellent career and economic opportunities. Many of the financial vice presidents in the major Fortune 500 companies came up through the accounting route as opposed to the finance route, as well as many corporate presidents. And most vice presidents in charge of international operations are either accounting or finance people.

**MMR:** How are you getting these messages out to high schools?

**Dittman:** We've begun a series of "Accounting Days," where we bring in high school counselors and selected students to talk to professionals. We also introduce them to some of the things we're doing in the classroom here at the Carlson School, such as our experimental markets labs and the use of PCs in the classroom, to give them the idea that it is a profession that's on the edge of current technology—in the classroom as well as on the job. ■

## The view from inside



**Amy Kleinschmidt, '87**  
Staff Accountant, Price Waterhouse

As a recent accounting graduate one year into her job as a staff accountant at Price Waterhouse, Amy Kleinschmidt said that she is very satisfied with her choice of career and employer.

"I wanted to go into business and accounting appealed to me because it's so specific," she said. "I joined a public accounting firm so that I could have contact with a lot of different companies and see how they operate. I interviewed with several firms and chose Price Waterhouse because I was really comfortable with the atmosphere. It seemed very upbeat."

As Dittman mentioned, Price Waterhouse has recently changed its compensation and incentive system for staff accountants, giving them more vacation time and higher base salaries, but not paying overtime. "I've heard only good things about the new system so far," said Kleinschmidt. "It's been very well accepted here. People work hard and try to be efficient. I haven't had excessive overtime myself, and I really appreciate the extra vacation time."

Jan Windmeier, director of the Carlson School's Placement Office, said that the competition for good students among the "Big Eight" accounting firms is extremely high, but that Price Waterhouse has been successful with their new strategy. "They did very well this year," she said.

Kleinschmidt agrees with Dittman that accounting requires good interpersonal skills. "It's more interactive than people think," she said. "It's not like the stereotypical view of accounting, where you sit isolated in a corner all day. It's very different from that." ■

# A time to cut bait and a time to keep fishing

*Carlson School researchers try to explain why people will escalate their commitment to doomed projects*

by Michael Finley

It's called the sunk cost effect—having spent X dollars on a project and learning its chances for success are slim, a manager not only continues with the project, but escalates his company's commitment to it. It is the business equivalent to continuing to fight an unwinnable war. Indeed, one of the many papers published on the sunk cost effect, or escalation error, its other name, is titled "Knee Deep in the Big Muddy."

Now come accounting department colleagues Chandra Kanodia, Robert Bushman and John Dickhaut to say that very often slogging it out in the Big Muddy may be the rational thing to do.

"Imagine that you've hired someone in your department who isn't working out," Dickhaut said. "You might want to fire him, except that then *your* boss will know you made a bad hire, and he might fire you." Perhaps, Dickhaut says, that would be a sensible response—maybe *many* people should be fired.

Previous thinking on the sunk cost effect was that managers are incapable of economic rationality when faced with the decision of switching from an earlier commitment. Managers continue and even escalate their earlier commitments to satisfy some deep-seated psychological needs. Kanodia, Bushman and Dickhaut, in their paper "Escalation Errors and the Sunk Cost Effect: An Explanation Based on Reputation and Information Asymmetries," are arguing now that there is a rational economic explanation for this behavior.

Their theory is based on two factors. One is asymmetric information, the phenomenon of managers knowing more than their superiors about the economic variables that make switching desirable.

The other is reputation for managerial foresight. In this situation, switching reveals information which damages the manager's reputation. What could be more "rational" than protecting one's reputation by refusing to switch?

*Do you publicly admit you made a bad decision, and switch behaviors at the earliest sign that a project you supported was the productivity equivalent of landfill?*

The paper, which has been presented in workshops at Cornell, Wharton, Stanford and other places, and which formulates a complex economic model for understanding sunk cost behavior, has stirred controversy in the sometimes serene world of organizational behaviorists, in part because it challenged accepted theories—and upset the proponents of those theories. Ironically, that is exactly what the paper is about—why we resist switching even when we have evidence that the switch would be to something "better."

When asked to put a number on the costs to industry of escalation error,

Dickhaut rolls his eyes. It's not measurable, he said. Managers don't file annual reports on all the bad ideas they continue to pour money into. Teachers don't declaim on the going-nowhere projects their research grants fund. And the biggest cost of all isn't the time and money wasted on bad projects/employees/procedures—but the opportunities lost while a company mires itself in its mistakes.

If you doubt Kanodia, Bushman and Dickhaut's findings, ask yourself about your own error-hiding techniques. Do you publicly admit you made a bad decision, and switch behaviors at the earliest sign that a project you supported was the productivity equivalent of landfill? Or does your policy on mistakes, like most everyone else's, fall under the dictum, *Escalate and take your chances?*

Kanodia et al acknowledge that their paper may prove discomfiting to companies who assume their alarm may signal a need for better monitoring, less secrecy and better managing of managers.

As long as people can hide information on projects under their control, whatever information they divulge will likely be information that enhances their reputations, which translates to earning power, which translates to survival. That's human nature, that's self-interest in action, and though it may not seem "enlightened" or loyal to the company's deepest interests, it is anything but irrational.

And it is why we would rather fight than switch. ■

*Michael Finley is a free-lance writer working in the Twin Cities.*



# A cross-cultural case study

*Honeywell Bull provides an outstanding field for research on international strategic alliances*

by Martha Douglas

Several Carlson School faculty have had a unique research opportunity this past year. They were invited by Minneapolis-based Honeywell Bull, the first international joint venture of its kind, to study the company since its creation.

"It's a pathbreaking company, only 18 months old, and its creation and progress have been of worldwide interest," said Mary Nichols, director of the Strategic Management Research Center and associate professor of strategic management and organization. "We are very fortunate to have such an exciting case study right in our own backyard."

Honeywell Bull was designed and founded by three major global computer manufacturers—Groupe Bull of France, Honeywell Inc. of the United States and NEC Corp. of Japan. Peter Ring, associate professor of strategic management and organization, said its creation provides benefits for each of the owners. "Honeywell maintains a presence in the computer business, Groupe Bull obtains a greater presence in the global computer and information systems industry, and NEC increases their access to U.S. markets."

The company is owned 42.5 percent by Groupe Bull, 42.5 percent by Honeywell and 15 percent by NEC. At the end of 1988, the ownership will change to 65.1 percent Groupe Bull, 19.9 percent Honeywell and 15 percent NEC. The company ended its first year with \$2.1 billion in revenue and continues to be profitable.

The majority of the company's employees are from the former Honeywell Information Systems, Honeywell Inc.'s, spin-off computer company. Honeywell Bull has 19,700 employees worldwide, with subsidiaries in Italy, the United Kingdom, Australia, Canada, Mexico and Asia. It designs, manufactures and services advanced information technology such as networking, data management and transaction processing systems.

Honeywell Bull has its own management team which receives direction from a board of directors consisting of five members from Groupe Bull, two from Honeywell, one from NEC, plus the president of Honeywell Bull. Chairman of the Board is Jacques Stern, chairman and



*Professors Peter Ring and Mary Nichols have been studying the creation and progress of Honeywell Bull almost since its inception in March 1987.*

CEO of Groupe Bull. The board's makeup will also change as ownership in the company changes. Until last month, Honeywell Bull's CEO was Jerome Meyer. Roland Pampel, formerly with the Massachusetts Apollo Computer Company, was named to replace him.

Nichols, Ring and Stefanie Lenway, assistant professor of strategic management and organization, have been studying the company since shortly after its inception in March 1987. They have interviewed top management, reviewed data and visited the company's operations at different locations.

"We are an interdisciplinary team," Nichols explained. "I am mainly interested in the organizational changes the company has been experiencing. Peter's focus is on their strategy and the process of forming strategic alliances among different countries. Stefanie's speciality is international management and trade."

"Defining what strategy is and developing their own strategy was one of Honeywell Bull's big issues for the first year," said Ring. "It is an interesting process in that common management practices in each of the countries involved provide a somewhat different view of what strategy is. For the French, it is typically a fine-grained, detailed, short-term plan. For the Japanese, it's a long-term plan that incorporates looking at broad business and economic cycles. For the U.S., it's somewhere in between."

Ring said the process of bringing these views together involved communication, negotiation and advanced selling. "Each of the players also had to accept that there is more than one way to do things. They realized that they had to come up with new ways to do things that would accommodate all viewpoints."

With agreement on strategy in place, the company is beginning to work on details. "An important issue for their second year is finding synergies in research and development and building on their strengths," said Ring. "And in the future new issues involving differing perspectives will continue to arise."

This summer Ring has been conducting research on the capacity of the company's existing human resources to implement strategy changes. "When you move from a concept to action, that is, when the rubber hits the road, you need to determine whether or not you have the skills to make it happen," said Ring. His research this summer is being funded by a Minnegasco Doelz Award.

Another issue, which has been especially interesting to Nichols, is how the new company culture will develop. "Honeywell Bull is going to have to develop a culture of its own, with its own unique dominant characteristics," she said. "Right now, they're in a situation where the old company cultures, as well

*continued on page 32*

# Your job

*Born to hate it or love it?*

by David Pink

If you've ever thought that some people seem born satisfied with whatever job they may have while others seem continually dissatisfied, you may be right—or at least partly right.

A recently completed study has, for the first time, presented evidence linking job satisfaction back to inherited characteristics. The study's findings are reported in "Job Satisfaction: Environmental and Genetic Components," by Richard Arvey, professor of industrial relations at the Carlson School, Thomas Bouchard Jr., professor of psychology and director of the Minnesota Center for Twin and Adoption Research (MCTAR), Nancy Segal, assistant director of MCTAR, and Lauren Abraham, an industrial relations doctoral candidate.

"We found that approximately 30 percent of general job satisfaction is associated with genetic factors," Arvey says. The study was conducted in conjunction with MCTAR, founded by Bouchard in 1979. To date, the center has studied over 300 pairs of twins.



*Industrial Relations Professor Richard Arvey is the principal investigator of a recent study of the genetic components of job satisfaction, in which he found that about 30 percent of general job satisfaction may be associated with genetic factors.*

Arvey, who has been involved in labor relations research for years, "couldn't resist the opportunity to hook on to the twins study." He says, "Previous studies seemed to indicate that there was some stability for job satisfaction despite the job environment. The hypothesis was there but there was no proof." The Center for Twin and Adoption Research gave Arvey the chance to prove the link between job satisfaction and genetics.

Arvey's research team studied 34 pairs of monozygotic twins who had been reared apart. Monozygotic, or identical, twins are genetic mirrors. Having developed from a single fertilized ovum, they share 100 percent of the same genetic material. Monozygotic twins are relatively rare and those who have been reared apart afford an even rarer opportunity to determine which traits are genetically or environmentally influenced. Because the twins share the same genetic profile but have been separated soon after birth and reared apart, any behavior similarities between them would be either the product of coincidence or genetic predetermination.

Beginning in 1984, Arvey and his colleagues administered a 20-item questionnaire to the twin pairs, in which they rated themselves from 1 (Very Dissatisfied) to 5 (Very Satisfied) on such job satisfaction elements as "the chance to work alone on the job," "my pay and the amount of work I do," "the chances for advancement on this job" and "the feeling of accomplishment I get from the job." (See box.)

The data from the study were adjusted for age and gender because people generally seem to become more satisfied with their jobs the older they get and also because women in general appear to be more satisfied with their jobs than men.

The twins were asked to respond to the jobs they had held the longest or that they considered to be their "major job," which ranged from research chemist to coal miner. The twins themselves ranged in age from 20 to 70. Most had been separated early in their first year and the mean age of reunion was 32 years.

Some of the reunion stories are amazing. One set even made it into the *Guinness Book of World Records* for the longest separation of twins from birth to

reunion: 69 years. Many twins didn't know they *were* twins until circumstances—such as publicity from the Minnesota study—reunited them. Often, similarities between the twin pairs appear to defy logical explanation.

Reunited in their late forties after having been separated at birth, Jim Springer and Jim Lewis discovered many more coincidences and similarities between them besides having both been named Jim by their adoptive parents. Aside from their similar physical appearance, both had at one time worked as police officers, chain smoked the same brand of cigarettes, had the same hobby of making miniature furniture, drove Chevrolets, chewed their fingernails, were stock car racing fans and disliked baseball, lived in the only house on their respective blocks in different towns and had a white bench built around a tree in their yards. They discovered that they had both vacationed at the same three-block-long beach in Florida.

Their medical histories were also remarkably similar. Both Jims had developed migraine headaches at the same age, had slightly high blood pressure, both had suffered what they thought were heart attacks and both had undergone vasectomies. The twin Jims also had uncanny similarities between other names in their lives besides their own. Both had been married twice, both of their first wives were named Linda and both of their second wives, Betty. Lewis had a son named James Alan; Springer had a son, James Allan. The twins had both at one time owned dogs named Toy.

Other pairs also discovered surprising parallels between them. One pair of twin sisters both suffered claustrophobia and could only go swimming if they walked into the water backwards. A pair of twin brothers found that they both flushed the toilet before and after use.

Often, the twin pairs felt that "something had been missing" from their lives until they were reunited. Many twins used the same gestures and began finishing each other's sentences or responding at the same time and with the same answer to questions.

Sometimes the twins' responses to Arvey's job satisfaction questionnaire were so similar, "it was as if the same person had filled out the questionnaire twice," Arvey says.

So what about it? Can we assume that we are destined by our genetic inheritance to be either satisfied or dissatisfied with our jobs no matter what they are?

"Absolutely not," Arvey replies. "Our genetic composition is not a straightjacket. It is dangerous to say that any behavior is fated. Inherited genetic traits are more of an influence—at times a very strong influence—but environment must still be considered to play an important role in how our attitudes and personalities are formed. Now we must consider nature *and* nurture; it is no longer an either/or proposition. Our research aims to help determine what the proportions are: what part of variation for a trait over a population can be attributed to nature and what part to nurture."

Arvey also stresses that the 30 percent figure for genetic influence on job satisfaction cannot be applied to any single individual. "The figure applies to the variance *over a population*," he explains. "In any single individual the figure could be higher or lower; that's impossible to predict. It's also what makes us each unique."

Richard Weinberg, a professor of child psychology who is involved in adoption research, agrees with Arvey's caution not to apply the heritability factors to individuals. "It is easy for the media to sensationalize or misconstrue the data," he says. "Heritability must always be applied to a population. If, for instance, a trait was found to be 100 percent heritable, the rank ordering of variation for that trait over a population would be the same regardless of changes in the environment. But changes in environment can have a major impact on everyone's behavior."

Can managers successfully manipulate the work environment to increase employee job satisfaction and thereby increase productivity? "Overall, for the aggregate, especially considering the 70 percent environmental component in job satisfaction, the answer is a definite yes," Arvey responds. "But employees at the high and low ends of the job satisfaction scale are less likely to respond to managerial intervention; that is, some employees are always going to be satisfied or dissatisfied no matter what the job or environment is or what their manager does. It appears that some employees are more resistant to change and that people in general are not as adaptable across the board to varying environments."

Arvey's plans for future research into job satisfaction will include an attempt to specify the mode of inheritance and the mechanisms that lead to expression of the job satisfaction trait. "We do not know whether job satisfaction is most closely linked to intelligence, values, or person-

## Job Satisfaction Questionnaire

This 20-item questionnaire was administered as part of a comprehensive work history assessment to the 34 pairs of twins participating in the study. The twins completed the questionnaire by rating themselves on a scale from 1 (Very Dissatisfied) to 5 (Very Satisfied) for each question. The results were adjusted in accordance with prevailing statistical methods for obtaining significant samples. For example, complexity, motor skills requirements and the varying physical demands of the job were held constant via partialling methods so that the kind of job a respondent held was less of an influence on her or his attitude toward the job.

1. Being able to keep busy all the time.
2. The chance to work alone on the job.
3. The chance to do different things from time to time.
4. The chance to be somebody in the community.
5. The way my boss handles people.
6. Competence of my supervisor in making decisions.
7. Being able to do things that don't go against my conscience.
8. The way my boss provides for steady employment.
9. The chance to do things for others.
10. The chance to tell people what to do.
11. The chance to do something that makes use of my abilities.
12. The way company policies are put into practice.
13. My pay and the amount of work I do.
14. The chance for advancement on this job.
15. The freedom to use my own judgement.
16. The chance to try my own methods of doing the job.
17. The working conditions.
18. The way co-workers get along with each other.
19. The praise I get for doing a good job.
20. The feeling of accomplishment I get from the job.

ality factors, or if it is a combination of these elements, what the proportions are—or if such a link can be established at all," he says.

Certainly not everyone thinks genetic links to values can be found or that they exist at all. In a recent issue of the university's *Update*, Alan Sroufe, professor at the Institute of Child Development, said, "It's preposterous to say that values are genetic. Values can't be genetic. Different cultures have completely different value systems. We're going to explain that by genetics?"

Weinberg is not so skeptical. "Values may be linked to elements—intelligence for one—which have already demonstrated their heritability."

And if such a link or links can be determined? "Then we would be in a much better position to suggest to managers what interventions are most likely to be effective," Arvey says. "We are looking for the boundaries of job satisfaction," he adds. "There may be a point beyond which environmental changes to enhance the work environment have so little impact that such efforts should be abandoned."

Arvey's plans for future research may also affect firms' interviewing procedures. "Twins also tend to hold similar jobs in regard to levels of complexity, motor skills requirements and physical demands. This leads to the hypothesis that people seek out environments which are compatible with their particular genetic makeups. Also, it is possible that future job satisfaction with a different job may be predicted from knowledge of current satisfaction. These two elements, taken in concert, may eventually influence firms' human resources departments to devise methods for evaluating these tendencies," Arvey says.

Arvey's study, "Job Satisfaction: Environmental and Genetic Components," has been accepted for publication in the *Journal of Applied Psychology*. ■

*David Pink is a communications assistant in the Carlson School Office of the Dean and a graduate student in English at the University of Minnesota.*

# Going global

*The school's first study abroad program and faculty exchange help internationalize the curriculum*

by David Pink

Ah, to be in France in the spring! That's what a group of students from the Carlson School might have thought as they wandered this late spring and early summer through Lyon's maple-lined avenues, past Roman ruins from when the city was the capital of Gaul or into the fine restaurants which make Lyon the capital of French, and therefore, some may say, the world's, cuisine.

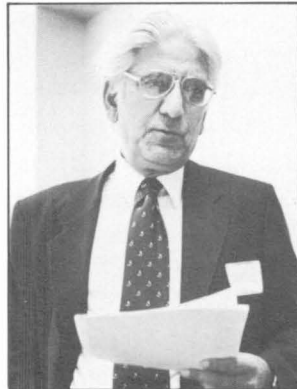
The 13 students participated in the school's summer study abroad program in international business and law at the Université Jean Moulin Lyon III. Jointly sponsored by the Carlson School and the Law School, the study abroad program with the Université Jean Moulin Lyon III—or "Lyon Trois" as it is more affectionately and conveniently called—was initiated by the Law School in 1980. The Carlson School joined the faculty exchange part of the program at the Law School's invitation in 1982. At that time, only one business course was offered.

This year, for the first time, the Carlson School had an independent international business program at Lyon III. Three courses, "Business in the European Economic Community," "Strategies of Major European Corporations" and "International Human Resource Management," comprised the five-week program. Students took all three courses and made several visits to French corporations to see foreign business in action.

"The exchange program gives students a chance to gain exposure to a different culture, a different perspective," says Carlson School Dean Preston Townley. "Globalization is a reality for U.S. business today. Students should gain that appreciation early."

Since he became dean in 1984, Townley, who has considerable international business experience, has sought to strengthen and expand the school's foreign exchange programs. In 1985, he appointed industrial relations professor Mahmood Zaidi director of International Program Development.

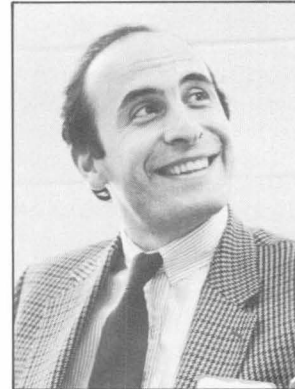
Zaidi, who has worked hard to establish the Carlson School's first independent exchange program and who taught one of the courses at Lyon III, is excited about



Mahmood Zaidi



Sharon Williams



Phillippe Maxcence

the program's prospects. "We are offering students what will be, for most of them, their first actual exposure to global aspects of business. The Lyon III exchange program provides students with an opportunity to see business from an expanded perspective."

"We are all culture-bound in some ways," Zaidi says. The value of an international exchange, as he sees it, is that "students learn more than classes—they learn language and culture." Zaidi laughs and adds, "The students might have missed the fireworks on the Fourth of July but they certainly heard them on Bastille Day."

Lyon has much to offer—culturally and otherwise. Centrally located, at the juncture of the Rhone and Saone Rivers, Lyon is just an hour away from skiing in the French Alps and three hours away from the Riviera. Aside from its remarkable cuisine and wines—Lyon is the center for the Beaujolais, Burgundy and Cote du Rhone winemaking regions—Lyon's business history is noteworthy. It was the center for world banking in the 16th century and for the French silk trade in the 19th. Today its economy ranks with Denmark's and its U.S.-bound exports equal those from Portugal, Finland and Greece combined. Hewlett Packard, Digital Equipment, Black and Decker and Monsanto are just a few of the international companies with operations in Lyon. The international police agency, Interpol, is constructing its world headquarters there.

Most, but not all, of the Carlson School students who participated in the study abroad program are in the MBA program. Pat Magistad, a first-year MAIR student, said before leaving for France, "The program is a good way to start to gain a global perspective on business and see more of the world at the same time."

Sharon Williams, a first-year MBA student in marketing, agrees with Pat that the exchange program is an entre into global aspects of business. She also plans "to explore employment opportunities on the international level." Sharon secured an internship with J. Walter Thompson, an advertising firm with operations in Lyon, which began after the summer program ended.

Zaidi would like to see the program expand into a full exchange—with students from abroad coming to the Carlson School for classes in the near future. "We also would like to accelerate internationalizing the curriculum here, particularly by expanding faculty exchanges along with student exchanges," Zaidi says.

Presently, the Carlson School has a faculty exchange with Lyon III that has been primarily for research—though the

*continued on page 32*

*David Pink is a communications assistant in the Carlson School Office of the Dean and a graduate student in English at the University of Minnesota.*

# Campus news

## Two prominent scholars hired to fill Carlson Chairs

Nationally recognized scholars Allan D. Shocker and Larry L. Cummings will be joining the Carlson School this year as the new Carlson Chairs in Marketing and Strategic Management and Organization, respectively.

Shocker, who comes to the school from the University of Washington in Seattle, is known for his work on product design and marketing, and new product pricing and forecasting. A computer program he co-developed with Stanford University Professor Srinivasan assists in developing and positioning new products by analyzing how consumers evaluate the relative costs and benefits of competing products.

This summer Shocker was one of four academic researchers chosen to be visiting scholars at General Motors headquarters to investigate the advantages and limitations of various means of representing products to customers early on in the design process. Their findings could be used by firms to get better results from market surveys and could also have implications for advertising.

Shocker holds master's and Ph.D. degrees in industrial administration from Carnegie-Mellon University and a B.S. in industrial engineering from Stanford University. He was co-winner in 1984 of the prestigious William O'Dell Award for the outstanding article appearing in the *Journal of Marketing Research* during 1979. This award is given five years after an article appears and is based in part on the impact the work has made since being published. He currently serves on the editorial boards of *The Journal of Marketing Research*, *Marketing Science*, and the *Journal of Marketing*.

Until now, Cummings was the J.L. Kellogg Distinguished Research Professor of Organizational Behavior at Northwestern University. He has also been the Donald C. Slichter Research Professor at the University of Wisconsin-Madison.

Cummings' recent research focuses on senior level executive behavior under conditions of rapid change or start-up activities. He is interested in how executives seek feedback or information about their companies under these conditions, what processes they use to reach agreement within their organizations on goals, and how executives encourage their employees to perform beyond the



Larry L. Cummings (left) is joining the school as the Carlson Chair in Strategic Management and Organization. Allan D. Shocker (right) is joining the school as the Carlson Chair in Marketing.

call of duty, or to be "good organizational citizens," to use Cummings' term.

"Several people at the Carlson School are already doing outstanding work on innovation, strategic management and organization," commented Cummings. "I am interested in these same areas under conditions of change."

Cummings' work is often interdisciplinary in nature, and he is a fellow of the American Psychological Association, the Academy of Management and the Decision Sciences Institute. In fact, he is the only person in the U.S. who can claim to be a fellow of all three. He has consulted with companies in the pharmaceutical, medical instrument and publishing industries, helping them design their organizations, design specific jobs within project teams, plan management succession and perform executive appraisals.

For the past 11 years, Cummings has co-edited, along with Barry Staw from the University of California-Berkeley, an annual series of analytical essays and critical reviews called *Research in Organizational Behavior*. In 1973 he and University of Wisconsin Professor Don Schwab published *Performance in Organizations*, a book that has been widely used in the business world.

Cummings holds an MBA and Ph.D. in organizational behavior and management, with minors in sociology and industrial relations, from Indiana University, and an A.B. in psychology from Wabash College in Indiana. He was a Woodrow Wilson Graduate Fellow in Psychology at the University of California-Berkeley for one year.

"We are extremely proud that Larry Cummings and Allan Shocker will be joining the faculty at the Carlson

School," commented Dean Preston Townley. "Our ability to attract top scholars like these is strong evidence of the school's growing reputation and capabilities."

The chairs are two of four endowed faculty positions created in 1986 as part of Minnesota entrepreneur Curtis L. Carlson's \$18 million gift to the school. Marketing professor Richard Cardozo was named the Carlson Chair in Entrepreneurial Studies in 1987. The remaining chair, the Carlson Chair in Accounting, has yet to be filled.

## Editorial Advisory Board established for MMR

An Editorial Advisory Board has been established for the *Minnesota Management Review* to assist in providing feedback on the magazine and giving advice on its future direction. Board members will serve two-year terms and include faculty, alumni, staff and outside professional representatives. It will meet twice a year, in the spring and fall. The current board members are:

Marcia Appel, editor, *Twin Cities Magazine*

Kathryn Carlson, director of Marketing Services, MBA Program

Balaji Chakravarthy, associate professor, Department of Strategic Management and Organization

Martha Douglas, editor, *Minnesota Management Review*

Christopher Nachtsheim, associate professor, Department of Management Sciences

Robert Ruekert, associate professor, Department of Marketing and Business Law

Paul Stormo, '71 MBA, president, Artograph

Linda Wandt, '87 MBA, internal auditor, The Pillsbury Co.

If you have comments or suggestions on the magazine, feel free to contact one of these individuals, who will relay them to the editor for discussion at the next meeting.

## Associate Dean Anne Benedict resigns to take post at Saint Louis Art Museum

Associate Dean Anne Benedict announced earlier this summer that she was resigning from the Carlson School in July to accept the position of Director of Development for the Saint Louis Art Museum. The museum houses a comprehensive collection with works from all periods, including many outstanding 20th century works. Benedict will be responsible for developing a strategy to integrate fundraising with the museum's long-range plans, and for defining the private funding needs for an institution whose budget is 71 percent tax-based.

"The job was attractive to me not only because of the quality of the institution and the community, which is similar to the Twin Cities, but also because of the strategic planning challenge that it involves," she said.

Benedict joined the Carlson School in 1985 and is credited with much of the school's success in raising nearly \$40 million during the Minnesota Campaign. "From the outset my intent was to define the school's quality and mission, and to work with donors in understanding common goals so that they would get a return on their dollar," she said. "I feel I accomplished this."

"Anne has done a great job while she's been here and she is leaving the school to take on another great opportunity," said Dean Preston Townley. "We're very sad to see her go, but also very happy for her in the future."

Before coming to the Carlson School, Benedict was director of development for the Phoenix Symphony Orchestra. She has also served as associate director of the University of Wisconsin Foundation in Madison, Wisconsin, and director of development for their School of Business.

"My experience at the Carlson School was tremendous and it was a difficult decision to leave," said Benedict. "I hope that I am leaving a legacy of good will that will continue to serve the school, the alumni and the corporate community in a mutually beneficial manner."

## Students receive awards at Spring graduation

About 600 of the 900 BSB, MBA and MAIR students graduating this spring attended the commencement ceremony at Northrop Auditorium in June. Presenting the main address was Robert Taylor, chairman, president and CEO of Minnetonka Corporation and a member of the Carlson School Board of Overseers. Jon Perkins, '88 BSB, presented the baccalaureate address and Alan Krane, '88 MBA, presented the MBA address. Board of Regents Chair David Lebedoff conferred the degrees.

As is traditional, several students received special awards in addition to their degrees. They were:

Greg McLeod  
Pillsbury Scholastic Achievement Award  
Linda Stukel  
3M Marketing Leadership Award  
Mei-Tine Chong  
Wall Street Journal Undergraduate Award  
Tracy Trembley  
Alpha Kappa Psi Scholarship Medal  
Jacqueline Johnson  
Alpha Kappa Psi Scholarship Medal  
Christopher Murphy  
Alpha Kappa Psi Scholarship Medal  
Tracy Rolf  
Alpha Kappa Psi Tablet  
Doreen O'Brien  
Alpha Kappa Psi Tablet  
Scott Jauman  
Alpha Kappa Psi Tablet  
Julie Hedin  
Alpha Kappa Psi Tablet

Robin Ware-Avery  
Business Association of Minorities Outstanding Achievement Award  
Christopher Murphy  
Delta Sigma Pi Scholarship Key  
Tracy Rolf  
Tomato Can Loving Cup Award  
Jean Williams  
Wall Street Journal MBA Award  
Holly Parker

MBA Outstanding Service Award  
Also recognized were the following graduating members of the Business Board: Peter Emelue, Julie Hedin, Scott Jauman, Doreen O'Brien, Jon Perkins, Tracy Rolf and Robin Ware-Avery; the members of the McIntire Case Study team: Susan DuSchane, Arthur Klavins, Christopher Murphy and Tracy Rolf; and the graduating members of the MBA Association: Dave Brainer, Andre Burke, Ann Bush, David Ferron, Scott Kelly, Barb Melby, Dan Miller, Mike Niles, Kathryn Olson, Holly Parker and Will Selden.

### Field Project Team-of-the-Year announced

Also announced at graduation was this year's MBA Field Project Team-of-the-Year. Winning this year was the team working on a project at Valspar Corporation. Team members were Dave Brainer, Martin Jokinen, Brian Kurzhal and Robert Peterson. The faculty advisor was management sciences professor George Benson.



*They made it through! Graduating students proceeded from Coffman Union, up the mall to Northrop Auditorium to take part in the Carlson School's spring ceremony.*

## George Seltzer retiring— Distinguished lectureship established

The George Seltzer Distinguished Lectureship in Industrial Relations has been established to honor the long academic career of Professor George Seltzer, who has retired this year from the Industrial Relations Center and the school. The lectureship has been endowed by private and matching gifts. It will enable the center to sponsor an annual lecture and workshop by a distinguished scholar, public policy maker or practitioner in industrial relations. The first lecturer is Albert Rees, president of the Sloan Foundation, who will visit the school in October.

Seltzer has been with the school since 1954, after receiving his Ph.D. in economics from the University of Chicago. He is best known for his work on public policy and labor market behavior, collective bargaining and dispute resolution, and human resources and socio-economic development.

## New graduates featured in CitiBusiness outstanding MBA story

Eight '88 graduates were chosen to represent the Carlson School in *CitiBusiness*' annual article on outstanding Twin Cities MBAs. Those chosen from the day program were Dave Brainer, Bob Trine and Ann Bush; from the evening program were Michael Gaumond, Damon Ground and Sally Walker; and from the Manager's MBA Program were Larry Haberman and Larry Skogerson. The story appeared in the May 16 issue. "We chose these students both for their outstanding academic records and for excellent qualitative characteristics," noted MBA Program Director Norm Chervany. "It was very difficult to single out a small number as the top students. These eight represent all our outstanding students—of which there are many."

## Business Day 1988 focuses on business and government

At Business Day 1988, 700 students, faculty and alumni, along with representatives of 60 sponsoring companies, focused their attention on the relationship between business and government. As the opening speaker, Wendy McDowall, director of Government Affairs for Dayton Hudson Corporation, presented "Business and Government: Emerging Relations and You." Eight concurrent small group discussions followed, with topics ranging from government's involvement in business data banks to how government attracts business to Minnesota. The dinner banquet address was presented by Michael Wright, chairman, president and CEO of Super Valu Stores, Inc. (shown below answering a student's question following his remarks), in which he discussed "Business Government: Partners in Progress or Adversaries in Decline."

Business Day 1989 will be held April 11 at the University Radisson Hotel.



## Peter Rosko and US West honored by EDC

The Executive Development Center (EDC) presented awards to Peter Rosko and US West Communications at the Minnesota Management Institute (MMI) graduation ceremony in May. Finance professor Peter Rosko received the Rose Bowl Award as this year's outstanding MMI faculty member. Duane Blake, director of Management Development at US West Communications accepted an award for his company in recognition of their support of the institute. MMI is one of four non-degree programs offered by the EDC.

"The MMI program was an outstanding success this year," commented Bill Scheurer, director. "Registrations were up about 40 percent, representing increased company participation from a broader diversity of industries than ever before. Participants' evaluations of the program were very positive, especially in terms of the program's academic strength and challenge to participants."

# FACULTY UPDATE

## NEW APPOINTMENTS

**Andy Van de Ven** has been appointed acting chair of the Department of Strategic Management and Organization, and **Bruce Erickson** has been named acting associate chair.

**Avner Ben-Ner** will join the industrial relations department as an associate professor. He is currently at SUNY-Stony Brook.

**Larry L. Cummings**, currently the J. L. Kellogg Distinguished Research Professor of Organizational Behavior at Northwestern's Kellogg School, has been named the Carlson Chair in Strategic Management and Organization. (See page 19.)

**Inder Khosla**, currently a Ph.D. student in the University of Rochester's Department of Operations Management, will join the operations management area as an assistant professor.

**Allan D. Shocker**, currently a professor at the University of Washington in Seattle, will join the school as the Carlson Chair In Marketing. (See page 19.)

## GRANTS

The Carlson School Research Committee has awarded the following faculty McKnight/Business Economics Research awards for the coming year:

**Mario Bognanno, Balaji Chakravarthy, Terry Childers, Lane Daley, Pat Hess, Chandra Kanodia, Barbara Loken and Judy Rayburn.**

**P. George Benson**, associate professor of management sciences, won a Dean's Innovation Fund grant for "The Variability Profile Model: A Tool for Managing Quality in Batch Processing Operations."

**Glen Berryman**, professor of accounting, and **Paul Johnson**, Carlson Professor of Decision Sciences, received a \$25,000 grant from the Securities Exchange Commission and the Financial Accounting Institute to conduct

a study of the expertise required to detect irregularities in financial statements.

**Paul Johnson**, Carlson Professor of Decision Sciences, received a \$90,000 grant from IBM for the study of decision making in the design and diagnosis of complex devices; and, in collaboration with Wei Tek Tsai and James Slagle from computer science, received a \$75,000 grant from U.S. West to develop methodologies for the software engineering of expert systems.

**Sal March**, associate professor of management sciences, was awarded a McKnight grant for "A Common Data Model to Support Information Resource Management."

**Bob Ruckert**, associate professor of marketing, won a Dean's Innovation Fund Award for "Assessing and Changing the Marketing Orientation of the Firm."

## AWARDS AND HONORS

**Glen Berryman**, professor of accounting, received the Leon R. Rodde Educator of the Year award from the Institute of Internal Auditors.

**Mario Bognanno**, professor of industrial relations, has been elected to a three-year term on the university's Assembly Committee on Committees.

**Gary Carter**, assistant professor of accounting, received the Outstanding Teacher of the Year Award from the Student Accounting and Finance Association.

**Don Cho**, assistant professor of risk management and insurance, was nominated for the 1987 Outstanding Article Award by the *Journal of Insurance Issues and Practice* for "Applicability of Net Present Cost in Life Insurance Price Disclosure."

**Bruce Erickson**, professor of strategic management and organization, and **Jack Gray**, professor of accounting, shared the Robert Half Authors Trophy for separate articles

judged the best submitted to *Management Accounting* through the Viking Chapter of the National Association of Accountants during 1986-87.

**David Kelton**, associate professor of management sciences, has been elected vice chair/chair-elect of the TIMS College on Simulation and Gaming.

**Chuck Manz**, assistant professor of management, has begun his appointment as a Marvin Bower Fellow at the Harvard Business School.

**Sal March**, associate professor of management sciences, will serve as chairman for the 7th International Conference on Entity-Relationship Approach.

**Peter Ring**, associate professor of strategic management and organization, received the Minnegasco/Paul R. Doelz Faculty Enrichment Award for a study of Honeywell Bull concerning their manufacturing rationalization and the restructuring of marketing, sales and service operations.

The Executive Development Center presented the Rose Bowl award to **Peter Rosko**, associate professor of finance, as this year's outstanding Minnesota Management Institute faculty member. He was also appointed to the board of directors for the Minneapolis Society for the Blind.

**Orville Walker**, professor of marketing, and **Bob Ruckert**, associate professor of marketing, received the Harold H. Maynard Award for the most significant contribution to marketing theory appearing in the *Journal of Marketing* in 1987, for "Marketing's Role in the Implementation of Business Strategies: A Critical Review and Conceptual Framework."

## PUBLICATIONS

**Dennis Ahlburg**, associate professor of industrial relations, "Is Population Growth a Deterrent to Development in the South Pacific?" *Journal of*



the *Australian Population Association*, May 1988; "Recent Advances in Regional Economic-Demographic Modelling," in P. Congdon and P. Batey (eds.), *Advances in Regional Demography: Forecasts, Information, Models*, Belhaven Press, 1989; "Demographic Pressures on Education, Health and Employment Resources in the South Pacific Region," *Pacific Studies*, March 1989; "The Pay-Performance Relationship in the National Football League: An Empirical Analysis" (with J. Dworkin), in P. Stavdohar (ed.), *American Professional Sports: Social, Economic and Legal Perspectives*, Univ. of Illinois Press, 1989.

**Mario Bognanno**, professor of industrial relations, "Modeling Stalemate: The Case of the North-South Korean Reunification Negotiations" (with S.C. Yang and F.C. Champlin), in *Korea and World Affairs*, forthcoming.

**Don Cho**, associate professor of risk management and insurance, "Measuring Scale Economies of the Insurance Industry: An Analysis of Multiple Regression Models," *Journal of Insurance Issues and Practices*, 1988.

**Gerardine DeSanctis**, associate professor of management sciences, "Standard Scaling in Decision Graphs: An Empirical Investigation" (with S.L. Jarvenpaa), in *IEEE Transactions on Systems, Man, and Cybernetics*, 1988, forthcoming; "A Software Environment for GDSS Research" (with V. Sambamurthy and R.T. Watson), in *1988 Transactions on Decision Support Systems*, June, 1988; "Conflict Management and Group Decision Support Systems" (with M.S. Poole and H. Holmes), in *Proceedings of the Second Conference on Computer-Supported Cooperative Work*, 1988.

**Dale Goodhue**, assistant professor of management sciences, "Managing the Data Resource: A Contingency Perspective" (with J. Quillard and J. Rockart), *MIS Quarterly*, Sept. 1988.

**Jack Gray**, professor of accounting, "Competition in Finance Offers a World of New Roles" (with H. Hammerly), in *Financial Executive*, May/June 1988.

**Arthur Hill**, associate professor of management sciences, "A Decision Support System for Determining Optimal Retention Stocks for Service Parts Inventories" (with V. Giard and V.A. Mabert), *IIE Transactions*, forthcoming; "A Structured Approach to Controlling Check Processing Costs" (with V.A. Mabert and E.D. McDonell), *Journal of Retail Banking*, forthcoming; "Productivity and Quality in the 'Branch of the Future'" (with E.D. McDonell, T.J. Shurig, and J.E. Albers), *Journal of Industrial Engineering*, forthcoming.

**Greg Hundley**, visiting assistant professor of industrial relations, "Taxation and Strikes: Evidence from Three Countries," *British Journal of Industrial Relations*, March 1988; "Education and Union Membership" and "Who Joins the Unions in the Public Sector? The Effects of Personal Characteristics and the Law," *Journal of Labor Research*, Summer 1988; and "How Does the Law Affect Union Membership? Lessons from the U.S. Steel and Local Government Sector," *Journal of Industrial Relations*, June 1988.

**Laurent Jacque**, associate professor of strategic management and organization, "Joint Insurance and Capitalization Costs" (with C.S. Tapiero), in *Insurance: Mathematics and Economics*, 1988.

**Deborah Roedder John**, associate professor of marketing, "Covariance Assessment in Rank Order Data" (with J. Bettman, E. Creyer and C. Scott), *Journal of Behavioral Decision Making*, forthcoming.

**George John**, associate professor of marketing, "Forward Integration into Distribution: An Empirical Test of Transaction Cost Analysis" (with B. Weitz), *Journal of Law, Economics and Organization*, forthcoming.

**Paul Johnson**, Carlson Professor of Decision Sciences, "Garden Path Errors in Diagnostic Reasoning" (with J.B. Moen and W.B. Thompson), in L. Bolc and M.J. Coombs (eds.), *Computer Expert Systems Applications*, New York: Springer Verlag; "Audit Judgement Research" (with G. Berryman and K. Jamal) in *Accounting Organizations and Society*, forthcoming.

**David Kelton**, associate professor of management sciences, "The Transient Behavior of the M/Er/2 Queue and Steady-State Simulation," *Computers and Operations Research*, forthcoming.

**Morris Kleiner**, adjunct professor of industrial relations and professor of public affairs, "Impact of New Unionization on Wages and Working Conditions: A Longitudinal Study of Establishments Under NLRB Elections" (with R.B. Freeman), *Journal of Labor Economics*, October 1988;

"Providing business Information to Employees: Correlates of Compensation and Profitability" (with M. Boullion), *Industrial Labor Relations Review*, July 1988; co-editor of "Human Resources and the Performance of the Firm," *Industrial Relations Research Association* annual research volume, Feb. 1988; and co-author, *Labor Markets and Human Resource Management*, Scott Foresman & Co., Feb. 1988.

**Stefanie Lenway**, assistant professor of strategic management and organization, "Between War and Commerce: The Role of Economic Sanctions in Economic Statecraft," *International Organization*, Spring 1988.

**Chuck Manz**, assistant professor of strategic management and organization, "Managerial Thought Patterns and Performance: A Study of Perceptual Patterns of Performance Hindrances for Higher and

## Faculty Profile

### Bruce Erickson



Bruce Erickson, professor of strategic management and organization, was named Teacher of the Year for the third time at Business Day 1988. Erickson has been at the Carlson School since 1966 and has taught many courses, including business and government, macroeconomics, business strategy and business taxation. He has been an advisor and mentor for many Ph.D. students.

Erickson possesses an extraordinary broad knowledge base in addition to much practical experience as a venture capitalist and business consultant. His strength as a teacher comes through his ability to synthesize this material and communicate it to students effectively.

In his research, Erickson has made important contributions in the anti-trust area and in industrial economics. He is co-author, with marketing professor William Rudelius, of the textbook "An Introduction to Contemporary Business," which is in its fourth edition. He serves on the editorial boards of several academic journals.

In his outside work, Erickson has personally aided in the development of important medical-related technology. He serves on the boards of numerous companies, venture capital groups and civic associations. Erickson frequently serves as an expert witness before courts, congressional committees and legislative groups.

The Teacher of the Year Award is presented annually by the Carlson School Alumni Association. The recipient is chosen by student balloting.

Lower Performing Managers" (with D. Adsit, S. Campbell and M. Mathison-Hance), *Human Relations*, forthcoming; *Superleadership: Leading Others to Lead Themselves* (with H. Sims), Prentice-Hall, Fall 1988.

**Sal March**, associate professor of management sciences "End User Computing Environments: Finding a Balance Between Productivity and Control" (with D. O'Donnell), *Information and Management*, forthcoming; "Information Resource Management: A Metadata Perspective" (with Y.G. Kim), *Journal of Management Information*, forthcoming.

**Brian Steffy**, assistant professor of industrial relations, "Stress and Medical Malpractice: Organizational Risk Assessment and Intervention" (with Jones, Barge), *Journal of Applied Psychology*; "Impact of Stress Management on Accident Rates and Insurance Losses" (with Jones, Murphy), in I.

Opatz (ed.), *Health Promotion: Evaluating the Economic Impact, Applying Psychology in Business: The Manager's Handbook* (with J. Jones and D. Bray), in press, Lexington Books.

**Detmar Straub**, assistant professor of management sciences, "Current and Future Usage of GDSS Technology: A Report on a Recent Empirical Study" (with R.A. Beauclair), forthcoming; "Organizational Structuring of the Computer Security Function," *Computers and Security*, forthcoming; "Uncovering and Disciplining Computer Abuse: Managerial Responses and Options" (with W.D. Nance), *Information Age*, forthcoming.

**Robert Vigeland**, associate professor of accounting, "Analysts' Forecasts, Earnings Variability, and Option Pricing: Empirical Evidence," *The Accounting Review*, October 1988.

**Art Williams**, Minnesota Insurance Industry Chair Professor, "How the Japanese

Workers' Compensation System Differs From Ours," *The NCCI Digest*, 1988.

## EDITORIAL APPOINTMENTS

**Gary Carter**, assistant professor of accounting, was appointed to the 1988/89 editorial board of *Advances in Taxation*.

**Arthur Hill**, associate professor of management sciences, was selected for the editorial review board for the *Journal of Operations Management*.

**David Kelton**, associate professor of management sciences, has been appointed associate editor for *Operations Research*.

**Morris Kleiner**, adjunct professor of industrial relations and professor of public affairs, was appointed to the editorial boards of the *Journal of Accounting and Public Policy* and *Advances in Industrial and Labor Relations*.

**Sal March**, associate professor of management sciences, is serving as editor-in-chief for *ACM Computing Surveys*.

**Ray Noe**, assistant professor of industrial relations, was appointed to the editorial board of *Public Personnel Management*.

**Detmar Straub**, assistant professor of management sciences, was appointed to the editorial board of the *Journal of Business and Economic Perspectives*.

## PRESENTATIONS

**Dennis Ahlburg**, associate professor of industrial relations, will present "The Impact of Job Transfer on Family Stability" at the International Union for the Study of Population conference; "The Baby Boom" to the International Association of Personnel Women; and "Workforce Demographics 1990-2000" to the Employer Education Service.

**Amin Amershi**, associate professor of accounting, was invited to lecture at the Univ. of Florida on "On the Demand for Historical Cost Records and Maintenance of Audit Trails."

**Mario Bognanno**, professor of industrial relations, and C.E. Smith presented "Labor Arbitration in North America: An Analysis of Demographic Characteristics," at the 41st annual meeting of the National Academy of Arbitrators.

**Don Cho**, assistant professor of risk management and insurance, presented "On Optimum Loss Control: The Case of Poisson Distributed Losses" at the Annual Meeting of the Western Risk and Insurance Association.

**Gordon Everest**, associate professor of management sciences, spoke at the Minnesota Joint Computer Conference on "The Seamless Environment for Information Systems Development, Looking at New Software Tools," and at the international CAD/CAM DATABASES '88 Congress on "Distributed Databases: Problems and Solutions in Current Vendor Products."

**Arthur Hill**, associate professor of management sciences, presented "A Stochastic Model for the Capacitated MRP Problem" (with A.S. Raturi) at the joint ORSA/TIMS meeting; and "Research on JIT and CIM=A Progress Report" to the board of directors of Minnegasco.

**Tom Hoffmann**, professor of management sciences, will present a paper for the "combinatorial optimization" track of the EURO IX=TIMS XXVIII international meeting.

**Laurent Jacque**, associate professor of strategic management and organization, presented "Towards an Expected Utility-Theoretic Framework for Foreign Exchange Risk Management: The Long and Short of It" (with P. Lang and C.S. Tapiero) at the 3rd annual symposium on Interstate Banking and Finance.

## Faculty Profile

### Alfred Marcus



Receiving tenure and promotion to associate professor this spring was Alfred Marcus, from the Department of Strategic Management and Organization. Marcus teaches primarily in the business, government and society area, including the MBA core course 8055, Business, Government and Macroeconomics. His research focuses mainly on government regulation and deregulation, business ethics and strategic planning.

Marcus recently published *Business Strategy and Public Policy*, co-edited with Allen Kaufman and David Beam. The book is a collection of essays that present the views of both industry and academia and was completed with the assistance of a Dean's Innovation Fund award. Among his many other publications is "Airline Deregulation: Factors Affecting the Choice of Firm Political Strategy," for which he won the *Policy Studies Journal* Outstanding Article Award in 1986. Other recent publications include "Deterrent to Dubious Corporate Behavior," co-authored with Phil Bromiley, which will be published by the *Strategic Management Journal*; and "Implementing Externally Induced Innovations," which was the lead article in the Spring 1988 issue of the *Academy of Management Journal*.

Marcus joined the Carlson School in 1984, coming from the Science and Government Study Center at the Battelle Human Affairs Research Center in Seattle, where he was a research scientist. He has a Ph.D. in public policy and administration from Harvard University and B.A. and M.A. degrees from the University of Chicago.

**George John**, associate professor of marketing, gave a presentation on marketing channels and distribution to the American Marketing Association Faculty Consortium in July.

**Deborah Roedder John**, associate professor of marketing, presented "Children's Reactions to Television Advertising" at the annual conference of the American Council for Consumer Interests.

**Paul Johnson**, Carlson Professor of Decision Sciences, along with I.A. Zualkernan, Wei-Tek Tsai and J.H. Moller, presented "Unity of Knowledge-Level Specifications" at the Artificial Intelligence and Advanced Computer Technology Conference; with **Chris Nachtsheim** and I. Zualkernan, he presented "Automating Expertise in Experimental Design" to the Univ. of Minnesota's Statistics Department.

**David Kelton**, associate professor of management sciences, presented "Computer Simulation in Manufacturing: Information In and Out," at the 4th Annual Management Information Systems Seminar.

**Stefanie Lenway**, assistant professor of strategic management and organization, spoke on "Trade in Services: Prospects for the Uruguay Round" at a panel sponsored by the Minnesota Trade Office at Moorhead State Univ.

**John Mauriel**, associate professor of strategic management and organization, presented "Rationale for Decentralized (site) Management for Public Schools" at the American Education Research Association meeting and "Site-Based Management 'Myths and Realities'" to the Minnesota Department of Education Leadership Conference.

**Ray Noe**, assistant professor of industrial relations, presented "Relapse Training: Does it Influence Trainees? Post-Training Behavior and Cognitive Strategies," and "The Current State of Affairs in Job

Design Research," at the Society of Industrial/Organizational Psychology annual meeting.

**Peter Ring**, associate professor of strategic management and organization, published two papers in the SMRC discussion paper series: "Integrating Competitive and Political Strategies: A Framework for Strategically Managing Political Imperatives" (with **Stefanie Lenway** and **Michelle Govekar**) and "The Political Determinants of Transaction Costs: Implications for Firm Competitive and Political Strategy" (with **Stefanie Lenway** and **Carol Jacobson**); "Integrating Competitive and Political Strategies: A Framework for Strategically Managing Political Imperatives" at a conference on business regulation and its impact on the world economy; present "Toward a New Theory of Policy Intervention: Governance Structures and Strategic Choices" (with J. Bryson), and "Managing Co-Ventures with the Public Sector: A Governance Approach" at the American Association of Public Administrators meeting.

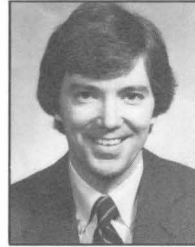
**Joshua Schwarz**, assistant professor of industrial relations, presented "Patterns of Human Resource Utilization in Hospitals: Do Ownership and Control Make a Difference?" at the Eastern Economic Association Meeting.

**Detmar Straub**, assistant professor of management sciences, presented "Perspectives on Computer Security" at the Eli Lilly Corporate Systems Security Conference.

**Andrew Whitman**, professor of risk management and insurance, was a participant in a forum on Corporate Responsibility for Personal Injury, sponsored by the University Student Legal Services; he presented "Retirement Funding and Asset Management" to the University Retirees Association; and "Long-term Care: Asset Conservation and Management" at the Fairview Community Center.

## Faculty Profile

### Christopher Nachtsheim



Receiving tenure in rank this spring was Christopher Nachtsheim, associate professor of management sciences.

Nachtsheim's work is in the decision sciences area, focusing on optimal experimental design, off-line quality control and statistics. He has also collaborated with Paul Johnson, Carlson Professor of Decision Sciences, on developing expert systems for statistical consulting.

Nachtsheim's articles have appeared in the top journals in his field. He serves as associate editor of the *Journal of Statistical Computation and Simulation* and department editor of the *Journal of Quality Technology* and is a referee for numerous other journals.

Nachtsheim joined the Carlson School as associate professor in 1984. Before that he was a senior research operations analyst in the MIS Department at General Mills. He has also been a staff member of the statistics group at Los Alamos National Laboratory. He has a Ph.D. in operations research and statistics from the University of Minnesota, an M.S. from Rensselaer Polytechnic Institute and a B.A. from the College of St. Thomas.

**Ray Willis**, professor of strategic management and organization, lectured at the European University Brussels and the Institut de Gestion de Rennes and the University of Caen, in France, and presented "The Historical Evolution of Forecasting Concepts & Forecasting Methods" at the 8th International Symposium on Forecasting. He also participated in the U.S./China Joint Session on Industry, Trade and Economic Development in Beijing.

academic year. Seltzer has been with the school since 1954, after receiving his Ph.D. in economics from the Univ. of Chicago. He is best known for his work on public policy and labor market behavior, collective bargaining and dispute resolution, and human resources and socio-economic development.

## FACULTY RESIGNATIONS

The following faculty have announced that they will be leaving the Carlson School at the end of this academic year. Accounting: **Matt Anderson** is leaving to take a position at Michigan State. **Sarah Bonner** will be going to the Univ. of Colorado. **Doris Holt** has taken a position at The College of St. Thomas. **Shyam Sunder** has been named the Richard M. Cyert Chair in Management and Economics at Carnegie-Mellon University. Industrial Relations: **Brian Steffy** is leaving to go to Franklin and Marshall College in Lancaster, Pennsylvania. Strategic Management and Organization: **Dick Edwards** has resigned from the Kappel Chair and the school for personal reasons.

## VISITING FACULTY

**James Gross**, assistant professor of marketing at Arizona State, will join the school as a visiting assistant professor.

**Ellie Harris**, assistant professor of finance at the Univ. of Indiana in Bloomington, will be a visiting professor in finance next year.

## FACULTY RETIREMENT

**George Seltzer** is retiring from the Industrial Relations Center at the end of this

# Alumni news

## A message from the new president

As your new Alumni Council president, I'd like to take this opportunity to introduce myself and give a brief overview of what you can expect from the council in the coming year. First, I'd like to thank Kay Barber, the former Alumni Council president, for all her hard work that made 1987-88 a very successful year. In 1988-89, we intend to build on those successes.

The year began on May 21 with the fifth annual Alumni Council Leadership Workshop, where new and old members met to work out plans for the coming year. I'd like to mention in particular some of those ideas.

One of our primary aims is to increase our services to you. In this light, the popular Alumni Programs Committee is being expanded so that we can offer you even more social and educational programs. The successful International Forum programs will also be continued. And a new council initiative will be directed toward helping alumni find and use the many services available to them at the university.



*Miles Davenport, the new Alumni Council president, graduated from the Managers MBA Program in 1985. He is Director of Administration and Staff Services at US West.*

The Student Recruitment Committee will focus its work to a greater extent on attracting high quality MBA students to the school. And to enhance the current student experience, we will begin a revitalized Student Mentoring Program in the fall.

A new alumni support and solicitation group will continue the school's efforts to gain alumni financial backing for the many exciting activities that got their start with Minnesota Campaign funding. Kay Barber will lead this critically important effort.

It is also time now to say good-bye to several hardworking council members who are leaving after many dedicated years of service, and to welcome some new members who will take their place. Leaving the council are: Margaret Bloyer, '83 MBA; Joel Erlandson, '75 BSB; Susan Grafton, '81 MBA; Tom Maetzold, '51 BSB; Sally Scheefe, '81 MBA; Paul Stormo, '71 MBA; and Angela Vikesland, '81 MBA. We hope that although these individuals have done more than their share in the past to support the school and its activities, that they can continue to be active in other ways. The students, alumni and school thank each of them for their unselfish contributions.

The new members joining the council this year are: Marlene Gibas, '80 MBA; Mike Ketter, '81 BSB; Holly Parker, '88 MBA; Nancy Peterson, '81 BSB; Ian Rodericks, '83 MBA; and Tom Whaley, '85 MBA. We welcome them and look forward to their active participation.

The council must also bid farewell to Anne Benedict, former associate dean of External Affairs and thank her for her continuing guidance and support. We wish her well in her new position as director of Development for the St. Louis Art Museum.

If you want more information about the Alumni Council, feel free to call me at 337-6721.

## New committees formed, chairs named at Leadership Workshop

At the fifth annual Alumni Council Leadership Workshop, held May 21, old and new council members met to set goals and plan activities for the coming year.

Two new committees were formed. The Alumni Services Committee will help alumni find and use the university services that are available to them. The Alumni Council Promotion Committee will work on gaining additional involvement with the Carlson School through the council.

Volunteers are still needed on every committee to help plan upcoming programs, serve as program participants and develop ideas. You are encouraged to become involved—it is not only a good way to give something back to the school, but is a great way to get to know other professionals in the area.

The following is a list of Alumni Council committees. If you would like to serve on one, or if you just want more information, contact the committee chair directly or call Jeanne Katz at (612) 625-1556.

**Mentoring Committee—chaired by Ian Rodericks, 736-6192.** This committee helps establish contacts between alumni and students who want additional help understanding the business environment, provides information about careers in business and assists students in making contacts and preparing for interviews.

**Student Recruiting Committee—chaired by Holly Parker, 822-1523.** Working with Carlson School staff members, this committee will assist in recruiting high-ability students to the school. The emphasis will be on assisting the MBA recruitment effort.

**Alumni Programs Committee—co-chaired by Nancy Peterson, 339-0771, and Tom Whaley, 828-3188.** This committee will host social events such as Alumni Networking Nights and "A Day at the Races," and educational programs such as the Sports as a Business seminar held last year.

**International Forum—co-chaired by Marlene Gibas, 866-1104, and Bill Poppert, 540-5696.** This committee will build on last year's successes by continuing an ongoing dialogue between alumni interested in international business, the corporate community, State of Minnesota representatives and the academic community through seminars and other functions.

**Alumni Services Committee—co-chaired by Mike Ketter, 332-3367, and Paul Wilkus, 545-6273.** Many of the services alumni say they want from the university are already provided by various organizations. This committee will help alumni find and use them.

**Alumni Council Promotion Committee—chaired by Diana Lynne, 626-5942.** This committee will recruit alumni to become involved in Alumni Council and Carlson School activities.

**Alumni Support and Solicitation Committee—chaired by Kay Barber, 330-8868.** Formerly the Minnesota Campaign Committee, this committee will solicit continuing alumni financial support for Carlson School programs.

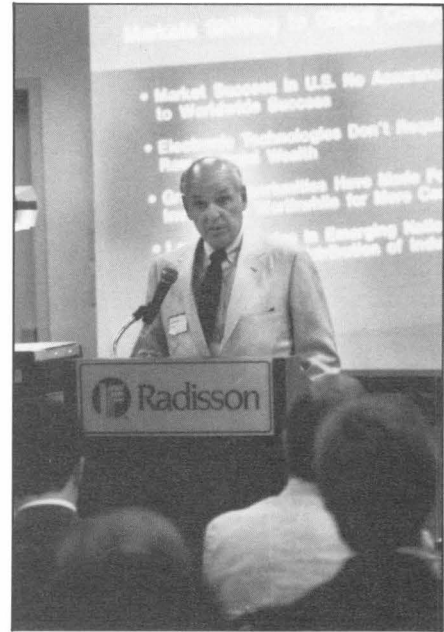
## Popular International Forum seminars provide practical tips on doing business abroad

After just one year of existence, the Alumni Council's International Forum has become one of the school's most popular alumni functions. The group was started a year ago through the inspiration and organization of Bill Poppert, '85 MBA, and has since sponsored four seminars offering a wealth of practical information on doing business abroad, presented by experts in the field. Judging from the record attendances, made up of both alumni and outside guests, the subject area seems to be one of great interest to Twin Cities professionals.

The forum was kicked off last October with a program featuring Michael Olson, deputy commissioner of the Minnesota Trade Office, and Steven Timmer, president of the Minnesota World Trade Association, discussing Minnesota's international business scene.

Business opportunities in Russia was the topic of the February seminar. The speakers included Sandra Renner, director of Export Development for the Minnesota Trade Office; Robert Aronson, an attorney and former director of Control Data's Marketing Operations in Moscow; Pamela Olson, a trade specialist with the U.S. Department of Commerce; and Bruce Erickson, Carlson School professor of strategic management and organization. (See the Winter 1988 *MMR* for more details.)

In May the forum presented "Our Closest Trading Partners: Canada and Mexico." Giving tips about conducting business with Mexico were Hector Garcia, chairman of the Minnesota Latin American Initiative, and Pablo Rosete, the Latin America marketing manager at Northrup King. Peter Belanger, senior trade commissioner of the Canadian Counsel General in Minneapolis, and Stefanie Ann Lenway, Carlson School assistant professor of strategic management and organization, discussed the U.S.-Canada Free Trade Agreement. Lenway has been conducting research on the agreement for the past year.



*Reuben Larson, director of Human Resource Planning and Systems at 3M, discussed the company's experiences in multinational cultural adaptations at a recent International Forum.*

Most recently, the forum presented "Mind Your Faux Pas: Tips on Conducting Business in a Foreign Culture." Peter Ring, associate professor of strategic management and organization, who has been studying the Honeywell Bull joint venture, spoke about the possible pitfalls of doing business in multi-cultural situations. Tamara Beutow, intercultural trainer and partner of Window on the World, described a systematic approach for dealing with multicultural situations. And Reuben Larson, director of 3M's Human Resources Planning and Systems, discussed his company's experiences in multinational cultural adaptations.

More seminars have been planned for the coming year. For dates, check the calendar at the back of the *MMR* and watch for special mailings.

# ALUMNI UPDATE

## 1930-39

**Thomas D. Spaeth Sr.**, '38, passed away on June 1. He was a retired partner of the Ernst & Whinney certified public accounting firm in the Twin Cities. He also served on the Minnesota State Board of Accountancy for 10 years and was a member of the National Board of Accountancy.

## 1940-49

**Kenneth L. Block**, '42, has been elected to his third term as chair of the Chicago Association of Commerce and Industry. Block, chair emeritus of the general management consulting firm A.T. Kearney, is also serving his fifth term as chair of the Evanston Hospital Corp.

**Richard M. Cyert**, '43, president of Carnegie-Mellon Univ. in Pittsburgh, has received an award from the American Society of Mechanical Engineers for his "valued services in advancing the engineering profession."

**Alden O. Meland**, '46, is a senior analyst for the Air Force in Washington, D.C.

**Paul F. Reed**, '47, has retired from his second career as director of church building and financing for the Lutheran Church in America. Prior to that he was in sales management with NCR Corp. He's spending his retirement in Sun City, Ariz.

**Sigurbjorn Thorbjornsson**, '46, was director (commissioner) of Internal Revenue for the Republic of Iceland from 1962 until his retirement in 1986. He is currently a special advisor for the Ministry of Finance in negotiations on the International Tax Treaties for the Icelandic Government. He has been decorated for his work by the governments of Iceland, Finland and Sweden.

**Donald E. Toland**, '49, is a producer for Antero Productions in Northrop, Colo.

## 1950-59

**Fred Bassinger**, '54, has been named treasurer of the National Republican Senatorial Committee. Bassinger, president of the private investment banking firm Frederick W. Bassinger & Associates, retired in 1986 as partner-in-charge of the Minnesota offices of Deloitte Haskins & Sells. He was also recently honored as a life member in the Minnesota Society of Certified Public Accountants. He lives in Edina, Minn.

**Kenneth A. Peterson**, '55, has retired in Phoenix, Ariz., as vice president of transportation for Terminal Freight Handling Co.

**Thomas L. Ulmen**, '55, is an attorney with Bergman, Street & Ulmen in Minneapolis.

## 1960-69

**Jerome T. Barrett**, '63 MBA, received an Ed.D. in human resource development from George Washington Univ. in 1984.

**Daniel J. Derfus**, '67 MBA, is the director of Seahawk Subsea Exploration in Tampa, Fla.

**John P. Hake**, '64, is president and CEO of Mikro-Tel Inc., which manufactures and supplies demand side management systems for electric power utilities in Minneapolis.

**Robert Stanger**, '66, has been elected second vice president, underwriting, for Omaha Financial Life Insurance Co., a Mutual of Omaha affiliate in St. Paul.

## 1970-79

**Bret L. Burquest**, '71, moved from Los Angeles a year ago to the desert at Wickenburg, Ariz., where he is self-employed in computer systems contract work.

**Herbert D. Ihle**, '72, has been named corporate treasurer for The Pillsbury Co., in Minneapolis. He also serves as senior vice president and controller.

**Kermit Johnson**, '73, is owner/director of KJ Ltd, in Los Angeles, Calif.

**C. David Jones**, '70 MBA, '61 BSB, previously vice president of marketing for the Minnesota North Stars hockey team and president of Roth Young Personnel Services, has joined Personnel Decisions Inc., Minneapolis, as a consultant.

**Glenn S. Kristensen**, '76, is a store manager for Snyder Drug Inc., in Bloomington, Minn.

**Gregory F. Kurtz**, '73, passed away on June 26. He was president of Micro Business Applications Inc., a small business computer software company in Burnsville.

**Charles H. Meyer**, '74, is a partner in the law firm of Oppenheimer Wolf & Donnelly in Minneapolis.

**Kevin L. Petersen**, '79, is completing a master's degree in financial management at the Naval Postgraduate School in Monterey, Calif. He will be working for the Navy's Space and Warfare Systems Command as a business financial manager in Washington, D.C.

**Frederick P. Phillips**, '76 MBA, passed away on May 25. He was vice president and manager of seven metropolitan banks for First Bank System Inc.

**Don G. Pishney**, '71, has been appointed managing partner of the Tucson office of the public accounting firm of Ernst & Whinney in Tucson, Ariz.

**Gregory Timmers**, '78, has been appointed a partner in the National Health Care Practice Division of Deloitte Haskins & Sells in Wilmette, Ill.

## 1980

**Jerome T. Kilkelly**, '80, is an agency sales manager for Northwest Airlines Inc., in Boston, Mass.

**Dennis H. Laufenburger**, '80, is national sales director for CPT Corp. in Minneapolis.

**Patrick McKee**, '80 MBA, after 3 years with IBM and 4 with National Computer Systems, has joined Norwest Capital Management Inc. in Minneapolis as an associate.

## 1981

**Christopher J. Bebel**, '81, graduated magna cum laude from the William Mitchell College of Law in St. Paul and is now an attorney for the U.S. Securities and Exchange Commission in Washington, D.C.

**Steve Berch**, '81 MBA, is a competitive programs manager for Hewlett Packard in Boise, Idaho. Steve says if you find yourself within 1000 miles of Boise, please stop by!

**Lee Alan Clair**, '81 MBA, is a consultant with Temple, Barker & Sloane in Lexington, Mass.

**Karen (Peterson) Ford**, '81 MBA, is an account executive with Carlson Companies Inc. in Minneapolis.

**Susanne Heimbuch**, '81, was recently promoted to senior account executive with Edwin Neuger & Associates, a public relations firm in Minneapolis.

**Perry McGowan**, '81, has been named tax division manager for Arthur Andersen & Co. in Minneapolis.

**Jeanne M. Voight**, '81 MBA, is managing director of FBS Brokerage Services Inc. in Minneapolis.

## 1982

**Diane M. Badame**, '82 MBA, is vice president and manager of the Bank of America in San Mateo, Calif.

**John W. Challas**, '82, was appointed regional director of agencies for Indianapolis Life Insurance Co. in Indianapolis.

**Scott J. Conrad**, '82 MBA, was promoted to ATE mechanical engineering manager at the Signal Analysis Division of Hewlett Packard Co. in Rohnert Park, Calif.

**Shari Render Miller**, '82 MAIR, is president of Mindy Inc., and Tempo Enterprises in Bloomington, Minn.

**Carole E. Southam**, '82 MBA, has recently returned to this area from San Francisco with her husband and one-year-old daughter and is employed as a business analyst with Prudential Home Mortgage Co., Minneapolis. The Southams would appreciate any calls from alumni.

**Paul M. Toman**, '82 MBA, is president of Xenex Inc., an MIS consulting company in Roseville, Minn.

**Alan Walther**, '82 MBA, is manager of cost analysis for IBM Corp. in Rochester, Minn.

## 1983

**Mary Romeo Blanchard**, '83 MBA, has been working part-time as an independent systems consultant for a medium-sized distributor since 1986, when she and her husband adopted their 4-day-old son.

**Mikund R. Joshi**, '83 MBA, is supervisor, gas supply & planning for the Long Island Lighting Co. in Hicksville, New York.

**Christine A. Mistretta**, '83 MBA, is marketing research manager for The Pillsbury Co. in Minneapolis.

**Patricia L. Nystuen**, '83 MBA, is supervisor for SDC group billing for United HealthCare Corp. in Minneapolis.

## 1984

**Robert A. Elmore**, '84 MBA, is vice president and corporate manager of systems security for First Interstate Services Co. in Los Angeles.

**Craig Holl**, '84, is accounting manager for Midwest Coca-Cola Bottling Co. in St. Paul.

## Alumni Profile

### Ming-Chang Cheng, '88 MBA



Speaking at commencement this June, Ming-Chang Cheng, a foreign student from Taiwan, told of how his father had attended a management program at the University of Minnesota 30 years ago. "Today, my father is sitting in the audience to watch his seventh child graduate from the same school he attended," he said.

Cheng's American education does not end at the Carlson School. He is now enrolled in the Ph.D. Program at SUNY-Buffalo, majoring in managerial economics and international finance and business. "My research will focus on the international development of China," he said. "Eventually I hope to go back to Taiwan and work with the government on developing business opportunities with mainland China."

Cheng has an undergraduate degree in business administration from Tunghai University in Taiwan. While in school, he worked as a marketing representative for the *Commonwealth*, a well-known Taiwanese economic journal, and helped increase sales by ten percent.

Here at Minnesota, Cheng was the public relations representative for the Minnesota Chinese Student Association. "As a new foreign student, this organization helped me a lot and I wanted to be able to do the same for others," said Cheng. "I think it's valuable for all when there are many foreign students at a university. It's good for everyone to learn how to work with people from other countries."

Cheng enjoyed living in the Twin Cities and as a baseball fan, he was thrilled to have been here for the Twins' World Championship victory. "Going to a Twins game was the most incredible experience for me," he said.

**Mary Mickelson Schwartze**, '84, received an MBA from Northwestern Univ. in 1985 and was recently promoted to manager of marketing for Northwest Airlines Inc. in Minneapolis.

**Sharon M. Schweikhart**, '84 MBA, is a Ph.D. candidate and teaching associate in the Carlson School's Department of Management Sciences, majoring in operations management.

**Darrell Tilleskjoer**, '84 MBA, is a lead production staff accountant with Honeywell Inc., Minneapolis. He and his wife Leslie have two children, Tony, two years, and Sara, four months.

## 1985

**Dan Carlson**, '85 MBA, is product manager for Data Card Corp., Minneapolis. Dan writes that he is still a bachelor and loving it and that he's looking forward to old age.

**Antonio Lucena DeFaria**, '85 MBA, is founder and president of Methodus, a software development company, in Lisbon, Portugal.

**K.K. Rajeevan**, '85 MBA, is a programmer/analyst for Honeywell Inc. in Minneapolis.

**Lori Behrens Sebastian**, '85 MBA, is a financial analyst for the Star & Tribune in Minneapolis.

## Alumni Profile

### Holly Parker, '88 MBA



By the time Holly Parker completed her MBA, many people associated with the Carlson School—faculty, administrators, graduate and undergraduate students, alumni, overseers, company representatives—had gotten to know her. She had been involved in almost every possible kind of school activity, and that was just how she liked it. “You can only get so much from the classroom,” she said. “Beyond that, I think it’s important to seek

out diverse activities and contacts, to gain a balanced perspective.”

Parker made many contacts while serving as co-chair of Business Day 1988. “That was a really valuable experience,” she said. “I especially enjoyed working with the undergraduates. They were a very motivated group.”

She was also president of the MBA Association, a member of the Student Orientation and Graduation Committees and the American Production and Inventory Control Society, and a student member of the Alumni Association. She helped organize and operate the MBA computer room and worked part-time in both the Dean’s Office and the MBA Office.

Parker came to the MBA Program after working four years as a general manager for Chabot Management Company in Edina. “It is critical for MBA students to come in with some work experience,” she said. She has a B.A. in philosophy from Carleton College.

Parker’s MBA concentration was in operations management, a field she chose because “it integrates the various functional areas that go into making a product.” She is now working for Pillsbury in their Procurement Division, as a buyer for commodities and ingredients.

**Kristen Smith Wenker, '85** MBA, is manager of investor and media communications for General Mills Inc., in Golden Valley, Minn.

## 1986

**Diane (Miller) Bornhhauser, '86**, formerly a staff accountant with Goldfein, Silverman & Olson Co., Minneapolis, is now employed as a staff accountant with Laventhol & Horwath, Detroit.

**H. Brandon Guest, '86** MBA, and his wife **Colleen, '88** MBA, announce the birth of their first child, Matthew Sherman. Brandon is a senior computer systems analyst with Control Data’s Energy Management unit. Colleen is a production engineer with Honeywell’s Building Controls division, Minneapolis.

**Lisa Pope, '86** MBA, recently returned to Minnesota from California as the director of marketing for May Printing Co. in Eden Prairie, Minn.

**Vickie (Elsinger) Welch, '86** MBA, is taking a break from her career to raise her new daughter, Amada Jo, while working part-time as a project coordinator for Custom Research and Tabulation in Fort Wayne, Ind.

## 1987

**Dave Fisher, '87** MBA, was promoted to national manager of environmental logistics for the Burlington Northern Railroad in Fort Worth, Tex.

**Colleen A. Galbraith, '87**, is executive vice president for IIS/Galbraith in Valley Forge, Penn.

**Shirley Hang, '87** MBA, is a programmer for IBM Corp., Tampa, Fla.

**Gerald R. King, '87** MBA, is a business consultant for Agri Business Associates in Wellesey Hills, Mass.

**Dennis McGuire, '87**, is a financial analyst for Continental Illinois National Bank in Chicago.

**Gary R. Peterson, '87** MBA, was recently promoted to accounting manager at Western State Bank, St. Paul. His first child, David Richard, was born last November.

**Linda Ladlen Raschke, '87**, was married last August and is assistant regional manager for Air-Vend Inc. in Mendota Heights, Minn.

**Corinne Reif Lindemann, '87** MBA, is marketing research manager for HealthEast in St. Paul.

## 1988

**Pete P. Anderson, '88** MBA, is a financial analyst for Target stores in Minneapolis.

**Susan P. Anthony, '88** MBA, is a financial analyst for The Pillsbury Co. in Minneapolis.

**Lee F. Arnold, '88** MBA, is an attorney with Oppenheimer, Wolf & Donnelly in Minneapolis.

**Eric C. Aulse, '88** MBA, is a commercial loan analyst for the National Bank of Detroit in Detroit, Mich.

**Theodore J. Brand, '88** MBA, is a programmer/analyst for Northwest Technical Services in Minneapolis.

**Andre L. Burke, '88** MBA, is in the bank officer training program for Irving Trust in New York City.

**Ann K. Bush, '88** MBA, is manager of marketing for Swiss Colony Stores Inc. in Monroe, Wis.

**Theodore C. Cadwell Jr., '88** MBA, is a financial analyst with Target Stores in Minneapolis.

**Alice Y. Chang, '88** MBA, is a systems analyst for AMS Management Systems Canada, Inc. in Ottawa, Canada.

**Ming-Chang Cheng, '88** MBA, is in the doctoral program at the School of Management, New York State Univ., Buffalo.

**Pablo Correa, '88** MBA, is a trainee with the Louisiana-Pacific Corp. in Portland, Ore.

**Steven R. Croegaert, '88** MBA, is a county extension agent for the Univ. of Minnesota-Extension Services in Sleepy Eye, Minn.

**Christopher A. Cudak, '88** MBA, is a corporate banking trainee with Norwest Bank Co. in Minneapolis.



**Suzanne Marie Dickinson**, '88 MBA, is an inventory planning specialist for Land O'Lakes Inc. in Minneapolis.

**Lisa C. Dyson**, '88 MBA, is a marketing analyst for the Fingerhut Corp. in Minnetonka, Minn.

**Curt D. Elsinger**, '88 MBA, is a business planning analyst for Rosemount Inc. in Eden Prairie, Minn.

**Ken D. Erffmeyer**, '88 MBA, is in management consulting with Arthur Andersen & Co., in Chicago.

**David R. Ferden**, '88 MBA, is in the operating training program at Caterpillar Inc. in Minneapolis.

**Mark C. Grabowski**, '88 MBA, is in systems consulting for Arthur Andersen & Co. in Milwaukee, Wis.

**Tim Ferry**, '88 MBA, is marketing manager for Emerson Electric Co. in Hazelwood, Mo.

**Gary G. Heaton**, '88 MBA, is an analyst for Proctor & Gamble in Cincinnati, Ohio.

**Candice S. Heino**, '88 MBA, is an instructor at Anoka-Ramsey Community College in Coon Rapids, Minn.

**Peter Jon Jacobson**, '88 MBA, is a manager for Inter-Health Inc. in St. Paul.

**Martin E. Jokinen**, '88 MBA, is a consultant for Arthur Andersen & Co. in Minneapolis.

**Brian Kurzhal**, '88 MBA, is with Valspar in Wheeling, Ill.

**Thomas W. Lortie**, '88 MBA, is a financial analyst for FMC Corp. in Minneapolis.

**Robert J. Maisel**, '88 MBA, is a project director for Business Incentives Inc. in Minneapolis.

**Gary Magnuson**, '88 MBA, is with the First Bank System Inc. in Minneapolis.

**Edward F. Mathie**, '88 MBA, is an account assistant for Campbell-Mithun Advertising in Minneapolis.

**Barbara A. Melby**, '88 MBA, is a marketing specialist for the Carlson Marketing Group in Minneapolis.

**Michael J. Menssen**, '88 MBA, is an investment analyst for the Minnesota State Board of Investment in St. Paul.

**Bradley W. Norton**, '88 MBA, is a professional representative for Merck Sharp & Dohme in Plymouth, Minn.

**Katherine A. Olson**, '88 MBA, is a staff consultant with Arthur Andersen & Co. in Minneapolis.

**Paul L. Orlich**, '88 MBA, is a production supervisor for Cardiac Pacemaker Inc. in St. Paul.

**Teri D. Osgood**, '88 MBA, is a product management specialist for Kimberly-Clark Corp. in Neenah, Wis.

**Holly A. Parker**, '88 MBA, is a commodities buyer for The Pillsbury Co. in Minneapolis.

**Byron T. Payne**, '88 MBA, is a corporate banker with Norwest Bank Corp. in Minneapolis.

**Allen G. Pibal**, '88 MBA, is a financial specialist for NCR Corp. in Colorado Springs, Colo.

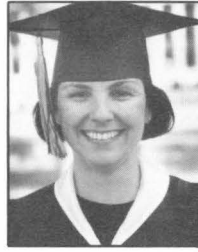
**Carolyn E. Pratt**, '88 MBA, works in business systems for Northern Telecom in Research Triangle Park, N.C.

**Ronald P. Schroder**, '88 MBA, is a marketing assistant for Kimberly-Clark Corp. in Neenah, Wis.

**John T. Schnettler**, '88 MBA, is a market analyst for Cold Spring Granite Co. in Cold Spring, Minn.

## Alumni Profile

### Tracy Rolf, '88 BSB



Tracy Rolf was the winner of this year's Tomato Can Loving Cup Award, which has been given annually since 1929 to a graduating student for outstanding service to the school. She probably could have won the award for her contributions last winter quarter alone.

It was during that quarter, on January 20, that the Twin Cities had their "big snow" for the year and the university declared a snow day. January 20 was the day the 1988 Business Board Career Fair was to take place in the Humphrey Center atrium. As chair of the event, Rolf had been at the school the night before setting up booths. Thirty-six companies, some from out of town, had paid to attend. "I had to decide whether to cancel and refund the money, or try to reschedule," said Rolf. "I spent the next two days on the phone. By a stroke of luck, the space was available one week later. We rescheduled and all but four companies came. And we still made money."

That quarter Rolf was also one of four Carlson School team members preparing for the McIntire Commerce Invitational, an annual international business case competition held at the University of Virginia on February 3. They had spent up to 20 hours a week for the last five weeks preparing. "I also had 12 credits that quarter," said Rolf. "I learned a lot about managing time and stress."

Rolf has contributed to the school in many other ways as well. She was an active member of the Society for the Advancement of Management, the Business Board and the 1987 and 1988 Commencement Committees. She served on several committees for Business Day 1988. She has been on the Dean's List every quarter, and has received the Alpha Kappa Psi Tablet and the university-wide President's Student Leadership and Service Award. A finance/MIS major, Rolf is working now as a management information consultant for Arthur Andersen & Co. in Minneapolis.

**Judy Bromberg Trafas**, '88 MBA, is a staff consultant for Arthur Andersen & Co. in Minneapolis.

**Robert M. Trine**, '88 MBA, is a staff consultant for Arthur Young International Inc. in Los Angeles.

**Nancy A. Whetstone**, '88 MBA, is an associate programmer for IBM Corp. in Rochester, Minn.

**Alan J. Zenk**, '88 MBA, is a systems analyst for Klenszade Division of Ecolab in St. Paul.

Economics experiments I have conducted suggest that the information producers make less money than the non-producers most of the time because the non-producers take a free ride on the costly information produced by the former. However, in occasional periods of market volatility, the information producers make large profits at the expense of the rest. On average, over a long period of time, producers and non-producers of information make about the same amount of money. If we prevent the producers from recovering the cost of information through trading profits in times of market volatility, we will only drive those who remain out of the business of producing information and thus make the security markets even more volatile.

When someone complains about market volatility, it is important that the policy makers screen out those made by plaintiffs beaten to the punch by alert opponents who use better, faster technology or have better understanding of how the market functions. The profit to such investors is the return that our system promises to those who innovate. Promise of such rewards to the innovators is a precondition for technological and structural advancement in our security markets. Most complaints can safely be expected to fall in this category. ■

as national cultures, are involved. This will have to change on a micro level, as people come together."

The results of these studies will take the form of research papers, case studies and other teaching materials. It has become a key project for the Strategic Management Research Center's focus on mergers and acquisitions, one of five areas of research the center supports.

"There is such a wealth of research possibilities connected with company," said Nichols. "Because this is the first venture of its kind and because its development is such a dynamic process, we hope our work on it can continue for several years."

"Some people argue that the triad is the world of the future, that it's the way to compete globally," commented Ring. "Honeywell Bull will provide others with the insight into the problems of creating and managing such an undertaking." ■

visiting faculty often present special lectures or seminars. This year Phillipe Maxcence from Lyon III and Bill Rudelius from the Carlson School participated.

Maxcence, who is researching the European Currency Unit, says, "The Carlson School faculty was extremely helpful and kind to me in sharing their resources and expertise." One of his impressions about American business is that "while their financial papers are very good, in general Americans seem surprisingly uninterested in European economies."

Rudelius agrees, and wonders why Americans aren't more interested in international trade. He observes, "In 1992 trade barriers will come down in the European Common Market, which will present a wealth of business opportunities, and over here no one seems aware of that situation."

Rudelius, who spent 18 months in France when he was in the Air Force, greatly enjoyed his time at Lyon III. "The pace there is much different—the French seem to enjoy the moment more," he says. As for internationalizing the curriculum at the Carlson School, "There is no better way for an American to expand his or her perspective than to live or visit overseas," Rudelius says.

Zaidi is currently working on expanding the opportunities for students and faculty exchanges—not only with France but many other countries. "Hopefully these exchanges will increase in tandem with the shift of business from a national to an international outlook," he says. ■



*The Carlson School's annual Business Day traditionally brings together almost 500 students for an afternoon and evening of lectures and discussions focusing on a specific business topic. The students shown here are on their way to one of eight concurrent discussion sessions.*

# CALENDAR

## September

8 A day at the races. Join other alumni at Canterbury Downs for a day of fun with the horses. 4:00-9:00 p.m.

22 Alumni Networking Night at the Alumni Club, 50th floor of the IDS Tower in downtown Minneapolis. 5:00-7:30 p.m.



## October

6 Half Century Club Homecoming Reunion. (See inside front cover of this issue for details.)

7 Homecoming Football Game. Humphrey Metrodome. Join other Minnesota alumni for the Minnesota-Northwestern game. 7:00 p.m.

## November

1 International Forum. Topic to be announced. Management Conference Center in the Humphrey Building. 5:30-8:30 p.m.

10 Personal Tax Planning Seminar with Professor Grover Cleveland. Management Conference Center in the Humphrey Building. 5:30-8:00 p.m.



### LOOKING AHEAD...

February 7 International Forum

February 15 Alumni Networking Night

April 11 Business Day 1989

For more information or to make reservations for any of these events, call Jeanne Katz at (612) 625-1556.

# And in conclusion



## Technology and teaching

New computerized learning facilities such as the IBM-Industrial Relations Center Microcomputer Teaching Facility pictured here are being established at the Carlson School. This classroom, created with contributions from IBM and the Industrial Relations Center, is equipped with 24 IBM PCs and has room for 24 students. An additional instructor's station is linked to an overhead projector, for projecting instructions and other information onto a screen in the front of the room. All the computers are installed in a network, so that students and instructors can communicate with each other.

When the room was opened last February, it completed two-and-a-half years of planning, space negotiations, design and construction. The construction and wiring itself had to be completed between quarters. A security system for the room was also installed.

Meanwhile, instructors developed course materials, and new programs and materials continue to be developed. Software is now available for quantitative analysis, diagnosing training needs, examining the effects of various compensation plans and modeling contract settlement options. An international human resources data base has also been established.

## Minnesota Management Review

Curtis L. Carlson School of Management  
University of Minnesota  
271 19th Ave. S.  
Minneapolis, MN 55455

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