

# Minnesota Management Review

Spring 1991



**Understanding Japan: Carlson  
School Board Member and Japan  
Fellow Terry Saario discusses her  
two-month visit.**

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# Minnesota Management Review

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**On the cover:** Terry Saario, president of the Northwest Area Foundation and member of the Carlson School Board of Overseers. The insights she gained from her experience as a U.S.-Japan Leadership Fellow provide a deeper understanding of Japan and its relationship to the United States.

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## *From the acting dean*

# Exploring educational cooperation with the USSR

by Timothy J. Nantell

The Carlson School's growing involvement in international activities took Professor Mahmood Zaidi and me to the Soviet Union early in February for one of my most interesting weeks as acting dean. We went there to explore ways in which we could participate in developing American-style management know-how in the Soviet Union, and also because we wanted to make contacts that would help our own students and faculty get to know the country. Although we barely scratched the surface in regard to these objectives, our visit was extremely successful in accomplishing the equally important goals of making friends and gaining mutual understanding.

Forming educational ties to institutions outside of our own country is nothing new for the Carlson School. Since the mid-'80s, we have pursued a number of activities to internationalize our programs, including adding international business courses, hiring faculty with expertise in international management, and establishing faculty and student exchange programs in Western Europe, Asia and South America.

Professor Mahmood Zaidi has overseen this activity as director of International Program Development since

1985. The success of our international agenda to date is largely due to his relentless efforts on behalf of the school all over the world. Because of Professor Zaidi's work, we hope to stand for membership next fall in the Program in International Management, a prestigious consortium of top management schools from all over the world.

Those of you who are acquainted with Professor Zaidi know, however, that he does not rest on his laurels. He is always on the lookout for ways to extend our activities even further—in this case, as far as the Soviet Union.

The Carlson School had been considering various invitations to get involved in business education programs in the USSR, and the path that led to the partnership we accepted was a circuitous one. Last fall, a Russian professor named Georgy Sinitsky, who now lives in the United States, contacted an organization in Washington, D.C., called U.S. Strategies, to see if they were interested in establishing a Western-style management school in the Soviet Union. U.S. Strategies had already helped establish an American campus in Japan, and Professor Sinitsky thought they could use that experience to further his idea. U.S. Strategies contacted William Norris, founder of Control Data currently

head of the William Norris Institute, and asked for his advice. (Norris had worked with the Soviet Union for many years while at Control Data and is currently involved in joint ventures there.) I had recently asked Mr. Norris for his advice on how the Carlson School could further a connection Professor Arthur Hill had established in Moscow last summer. Norris kindly directed U.S. Strategies to us, and we agreed that the idea was worth pursuing in principle.

This winter we signed a cooperative agreement with Moscow State University, Soviet-American Joint Venture "COBUS," and U.S. Strategies. Under this agreement, the Carlson School has the option to explore for one year various possibilities for developing cooperation in the area of business education. These possibilities range from short-term programs to full degree programs. They include student and faculty exchanges, joint research projects, non-degree workshops and conferences, "Training the Trainers" programs and other ideas. Whatever role we ultimately decide to play will be based on criteria such as efficiency and effectiveness, taking into consideration the strengths of the Carlson School and the University of Minnesota.

On February 1, Professor Zaidi and I left for Moscow on a fact-finding trip, to talk to people there and to get a firsthand look at the surroundings and institutions we were dealing with. U.S. Strategies, with the assistance of Professor Sinitsky and the advice of Alexander Ardshvili, a professor from the prestigious Institute of World Economy and International Relations in Moscow who is visiting the Carlson School this year, managed to put together an impressive set of appointments for Professor Zaidi and me in Moscow. Our agenda focused on seeing as many people as possible who could help us get a better picture of the status of management education in the Soviet Union, and of the opportunities there for our involvement.

It is, of course, obvious that one week allowed us to see little more than the tip of the iceberg, but it's a week I won't soon forget. I am left with a number of impressions, not the least of which is that it will be some time before I choose to travel with Professor Zaidi again. (I discovered that no amount of time is too little for him to fit in another appointment; I was happy to return to the office if only



Acting Dean Tim Nantell, U.S. Strategies Corp. Midwest Director Quentin Wilson, and Professor Mahmood Zaidi took time out to visit the Kremlin during their fact-finding trip to Moscow. The Kremlin visit was arranged for them by Moscow State University Professor Vadim Marshev.



*St. Basil's Cathedral, in Moscow, is one of the city's finest examples of 16th-century Russian architecture.*

to get away from his persistent 7 a.m. to midnight workdays.)

All joking aside, what most surprised me was the entrepreneurial energy with which the professors, academic administrators and businesspeople with whom we met approached the various issues we put on the table. I think we all realized that the gap between a statement of interest and the actual delivery of faculty, students and courses will be some time in closing. The Carlson School faculty needs to evaluate both the opportunities and the pitfalls in the Soviet Union relative to other international activities. The institutions in Moscow have analogous decisions to make. However, a good deal of progress was made in identifying many intermediate activities that would provide us with the experience we will need before proceeding to the next phase.

Another impression I came away with was the enormity of the country and, therefore, of the task. We met with representatives from eight different institutions as well as with officials from the Moscow Mayor's Office and the Republic of Russia. Our challenge is not to convince the Russians that we have something to offer that would help them in

their efforts to adapt to a more open economy, but rather to decide how to make the most of our efforts by working productively with various Russian educational institutions. One idea that was repeatedly raised was the role of education as a means of introducing Western business managers to the Soviet system at the same time that we introduce Soviet managers to what it means to operate in a market economy.

These impressions were overwhelmed by another impression—that of a tremendous feeling of friendliness on the part of the Russians towards Westerners. For someone who grew up in Joe McCarthy country in Wisconsin in the 1950s and has spent his entire life on one side of the Iron Curtain, I was not prepared for how unimportant these old East-West animosities seemed to our hosts. I was not prepared for how casually we could enter the Kremlin walls and walk past Lenin's tomb. Nor was I prepared for the beautiful evening of ballet at the Bolshoi Theatre, which could just as easily have been in New York or Paris, or for the open discussions that we had of the trials and tribulations facing both our systems. And, finally, I was not prepared for the gracious and enjoyable evenings spent in the company of our Russian hosts.

All of this is not meant to ignore the difficulties one faces in trying to live in Moscow. But it was fascinating to experience it all—its beauty and its troubles. It was an experience we hope soon to be able to extend to others in the Carlson School community and the University of Minnesota.

You'll find a similar expression of the value of international understanding gained through personal contact in the article beginning on page 4, in which Board of Overseers' member Terry Saario talks about her experiences as a U.S.-Japan Leadership Fellow. It's a value that has surely been put to the test this year.

**Dean's search update:** Upon returning to the Twin Cities, news almost as good as the success of our trip awaited me. I learned that negotiations were under way between University Provost Leonard Kuhl and one of the three dean's candidates who visited last fall. The candidate is asking the university to make certain commitments to enhance the school's standing as part of the offer for the position. The candidate and Kuhl are also discussing the issue of new facilities for the Carlson School. I hope we will be able to give you news of a successful outcome soon. ■



*Nantell and Zaidi met with government officials and representatives from eight education institutions. Here, at Moscow State University, Nantell presented a Carlson School sweatshirt to Viktor Sadovnichy, mathematics professor and first prorector of the university (center). Shown also, left to right, are Economics Assistant Professor Valery Sivachenkov, Management Professor Vadim Marshev, who is also general director of COBUS, and Carlson School Professor Mahmood Zaidi, director of International Program Development.*

# Understanding Japan

As a U.S.-Japan Leadership Fellow last fall, Terry Saario got an insider's view of Japanese economics, culture and society. The insights she gained from her visit provide a deeper understanding of Japan and its relationship to the United States.

by Sylvia Paine

"It's one of those experiences that have changed my life," said Terry Tinson Saario of the two months she spent in Japan as a fellow of the U.S.-Japan Leadership Program. Saario, president of the Northwest Area Foundation (NWAFF) in St. Paul and a member of the Carlson School's Board of Overseers, spent two months traveling throughout the island nation last fall, learning about its regional economic development. In the process, she came to see not only Japan but the United States in a new light, and made lasting friendships.

Regional development is the central concern of the foundation she heads, which serves the eight northwestern states (from Minnesota to Oregon and Washington) that once constituted the Great Northern Railroad empire. Established in 1934 by Louis Hill Sr., the son of railroad magnate James J. Hill, in recent years the NWAFF has focused on achieving and sustaining economic vitality in the region it serves by offering support in the areas of economic development, basic human needs, natural resource conservation and management, and the arts. The \$225 million foundation granted nearly \$14 million in fiscal 1990, including \$1.1 million to provide health care to poor people and to people living in rural areas; \$2.7 million to explore the economic and environmental efficacy of alternative approaches to farming and ranching; and \$4 million toward economic diversification, small-business aid among disadvantaged populations, and development-planning assistance to state and local governments.

Saario received two notable honors in 1990 in addition to the fellowship in Japan. *Business Week* magazine named her one of the five best foundation managers in the country (along with the heads of the multibillion-dollar Ford, Rockefeller and Kellogg foundations and the smaller Council on Foundations); and the Claremont Graduate School, where she earned her Ph.D. in education, gave her its Distinguished Alumni Service Award. Saario previously was vice president for community relations at The Pillsbury Co. and director of corporate contributions and community affairs at the Standard Oil Co. in Cleveland.

U.S.-Japan Leadership Fellows are Americans in their thirties and forties who have demonstrated exceptional potential in the fields of business, government, administration, labor, journalism and academia. The program is organized by the New York-based

Japan Society, which was founded to promote understanding between the two countries. Saario was accompanied in Japan by her husband, Lee Lynch, chairman and CEO of Carmichael-Lynch Advertising in Minneapolis.

While the impact of such a fellowship program on U.S.-Japan relations takes time to assess, there already is evidence that Minnesota-Japan relations may have inched forward as a result of her visit. While Saario and Lynch dined at the home of the mayor of a rural Japanese community, the guests and hosts took turns leading songs, as is the custom. When Lynch's turn came, he taught his Japanese hosts the University of Minnesota fight song.

*Minnesota Management Review* asked Saario to describe some of her experiences in Japan.

**MMR:** Where did you stay?

**Saario:** We typically alternated one week in Tokyo with one week of travel to other areas of Japan. In Tokyo we stayed at the International House of Japan, an oasis with beautiful gardens in the middle of a harsh, concrete, huge city. I had an office at the Sasakawa Peace Foundation (SPF), the most American-like private foundation in Japan. The SPF—and this was quite a generous gesture for the Japanese—was willing to put its reputation on the line and set up an itinerary for me for two months. In Japan, you don't just pick up the phone and make an appointment; it's all done through third parties.

What I didn't know at the time was that the foundation is under the cloud of the founder's reputation. He was a war criminal in World War II who made his money in munitions and ship building. There's considerable skepticism about the foundation in Japan; some say he is trying to buy himself the Nobel Peace Prize. But it didn't affect my trip negatively, and may even have been an advantage. Having an American expert on philanthropy housed in their foundation may have, if I may use the vernacular, "classed up" their act; and they worked very hard at introducing me to a broad diversity of people.

**MMR:** Although women are making some strides in Japan, gender roles there remain more traditional than in the United States. How were you treated as a professional woman?

**Saario:** Many of the previous women fellows I've met said they found their access to Japanese society very limited, because in Japan women are usually not in professional positions in the work world. Some of those fellows didn't get the appointments they wanted, and their host institutions were not very generous in terms of time and energy. I was very fortunate in that through the Sasakawa Peace Foundation I was able to meet people at all levels of society and in all walks of life throughout Japan. And I was to dis-

cover that in my professional capacity the Japanese seemed oblivious to the fact that I was a woman.

**MMR:** Your husband took a secondary role to you in Japan. How was that viewed?

**Saario:** The Japanese were quite startled by my husband's presence. He was always taking pictures, and initially, when I'd go into formal meetings, they thought I'd brought along my own private photographer. Once we figured that out, we thought I'd better explain who he was. I would introduce him, they would look at our *meishis* (business cards), and without exception they'd look back at us with bewildered expressions, because our surnames are different. In Japan, a married woman must take her husband's name. They would ask Lee, "How can you be present when your wife is making a speech? That would be very embarrassing for a Japanese man." A Japanese woman shouldn't be prominent. But if she is, her husband should never be present, because it sort of puts him down if she is more prominent than he.

Because we were such an oddity and the objects of great curiosity, the Japanese asked us all sorts of personal questions. Who makes decisions? Who cooks? I think that's partly why we bonded as well as we did with some wonderful people.



Saario traveled throughout Japan studying examples of regional economic development. In Morioka, in northern Japan, she visited a non-profit recycling program that employs mentally and physically handicapped people.



Saario visited a rice farm that is experimenting with organic farming methods, outside of Akita, in northern Japan.

*"I was able to meet people at all levels of society and in all walks of life throughout Japan."*

**MMR:** Did you meet any Japanese couples like yourselves?

**Saario:** Yes, one. We met a journalist, Setsuko Kitamura, who is with the *Yomimuri Shimbun* in Tokyo, Japan's largest newspaper, with a circulation of 9 million daily. She is one of the major reporters on women's rights in Japan. Her husband, as she calls him, Yoshinobu Emoto, is also a journalist for the same newspaper. I learned from her about the legality of taking a man's name when you marry. They have

had a child together, but she's not married to him. She refused to give up her maiden name.

She has led the fight with the newspaper company over equal benefits for women. She has been negotiating over a 20-year period, and now her benefits approximate three-quarters of his. They're still not equal. They were a very, very unusual Japanese couple.

**MMR:** You gave 12 speeches in eight weeks in Japan. How did that happen, when actually you went there to study?

**Saario:** What I had not understood was the degree to which the Japanese are a reciprocal people. If someone gives you a gift, you are to give them one, too. Bonding and reciprocity are the basis of their culture. So in exchange for the access, contacts and information I was given, I was expected to speak to various organizations about American corporate and private philanthropy, a new and, in many ways, untested concept for them. The Japanese realize that if they are going to do business in the United States, they have to act like American businesspeople, and that American businesses are charitable.

**MMR:** Are Japanese businesses becoming more charitable?

**Saario:** They are far less active philanthropically in Japan than they are in the United States. The Japanese tax laws do not encourage contributions. Japanese corporations want to understand American philanthropy and the expectations for it. Probably the highest form of compliment—particularly for an

American woman—was to be invited to speak to the corporate philanthropy committee of the Keidanren, the top business trade association in Japan.

This organization serves as a clearinghouse for those companies that wish to contribute to good causes. There is little evidence, however, of priorities for the distribution of these funds, the necessity of having defined programs or the desire to make an appreciable impact as a result of these contributions. For these reasons, Japanese corporations are having difficulty sorting through the increasing number of requests they are receiving at home and abroad.

The managing director of the Keidanren came up to me after the presentation and asked, "What advice would you give us for how to staff a program like this?" I smiled and said, "You ought to hire somebody who can say 'no.'"

**MMR:** What is the Japanese non-profit sector like?

**Saario:** There are approximately 20,000 registered non-profits in Japan, compared to approximately 450,000 in the United States. Registered non-profits in Japan are not truly independent; they must be recognized by a government agency, which, in turn, exerts strong administrative influence over them. For example, the Sasakawa Peace Foundation, which earns its money from the gambling proceeds of motorboat racing, answers to the Ministry of Transportation. Many non-profits in Japan prefer to remain unrecognized so as to avoid governmental intrusion.

Everyone was very puzzled at what American non-profits do. I would give examples, such as programs for youth or the elderly, and they would say, "Why doesn't the government do that?" The answer goes back to our respective histories. Americans are accustomed to using their energy collectively to create communities, hospitals and schools. But the Japanese system is still very hierarchical. The shoguns took care of the peasants and told them what to do. With the centralization of government in the late 1800s, government became the equivalent of the shogun.

**MMR:** Did you find any models of regional economic development to bring back home?

**Saario:** As I soon learned, there really isn't regional economic development in Japan. Instead, it's national economic development in the regions. In the past 15 years or so, the central government has come to recognize that it is to the benefit of the nation to build up the rural economy and create more jobs to forestall the exodus of young people from the rural areas into Tokyo. Tokyo and its surrounds account for a third of the population of the country and about half its GNP. The national government has heavily invested in improving access to the prefectures, or regions, through highways, "bullet" trains and airlinks, and with that has come development of some of the outlying areas. But the development isn't organized well enough to counter the exodus of young people to



In Kamakura, located south of Tokyo, Saario met with a group that is developing a high-tech research and conference community that would include residential and commercial property. The Buddha in the background is the largest Buddha outside a temple in Japan.



Tokyo. There is still the idea among young people that to be truly well educated and sophisticated, you must go to Tokyo.

There is no plan at the national level to develop all the regions equally. The governor of Kumamoto, Morihiro Hosokawa, who is expected to be a leading candidate for prime minister in several years, is among those organizing an effort to try to create a federal system in Japan, moving from 47 prefectures to roughly eight states. When I would ask the very practical question: How do you do that politically?—that is, how do you get the people with vested interests in all these prefectures to give up power so that you can have a federal system?—no one could answer it.

**MMR:** Does the imbalance of power between Tokyo and the regions also mean an imbalance in their ways of life? Are the regions poor?

**Saario:** There are two ways to answer that. One is that Japan is a very prosperous, middle-class society, and even in rural areas people live relatively well. I kept looking for serious pockets of poverty of the sort we deal with here, and couldn't find them, although I was told toward the end of my stay that I could find them in Tokyo among foreign workers.

The other answer is that life in Tokyo is very sophisticated. You see young people driving expensive cars, going into shops and spending \$1,500 on a jacket by Armani. I was shocked by that.

My own belief is that Japan's inflated economy will break down, and that it'll break down over the cost of real estate. Businesses are highly leveraged, and they use real estate as collateral for their loans. At some point the economy is going to collapse from over-extended leverage. Also, everybody talks about "the Earthquake." Tokyo sits on three major faults, and everyone recognizes that one of these days "the Earthquake" is going to happen. There are little earthquakes occurring all the time. When the big one hits, real estate values in Tokyo will be destroyed.

The imbalance I mentioned earlier has to be corrected, I think. Having everything in one central location [Tokyo] doesn't make a lot of sense. It seems to ignore the talent in outlying areas, the natural resources, and the ways that might be found to build local economies. It ignores the potential for leadership. Given their role now as an economic power in the world, where is the attendant geopolitical capacity going to come from? The tradeoff for the Japanese right now—and they themselves say so—is that they do not have the capacity to be a world leader in the sense that we do geopolitically, and they're asking us essentially to perform that function. Moreover, they have no national forum to debate these issues.

**MMR:** It seems that perhaps your visit to Japan reinforced your own sense of direction for the Northwest Area Foundation—that is, to foster leadership and build initiatives for economic development in

both urban and rural areas throughout the region.

**Saario:** Definitely. What we're trying to do is build—from a grassroots level on up—the kind of organizational capacity over the long term that will allow local citizens to determine for themselves what they want for themselves. Similarly with our efforts at public dialogue. I firmly believe that the better informed the citizenry, the better their decisions will be. That's what democracy is all about. If we can get more objective information out there, I believe people will act more honorably and more in the best interests of all of us.

**MMR:** The relationship between the United States and Japan is historically symbiotic, yet we find plenty of resentment toward the Japanese in this country because of their wealth and also because of Pearl Harbor. How do the Japanese feel about Americans?

**Saario:** It really behooves the citizens of both countries to understand how for 150 years these two nations have had far more intimate relations politically, economically and socially than most countries have. The Japanese tend to understand this better than we do. You would think the Japanese would harbor some hostility toward us after we dropped the A-bomb on them. Instead, the Japanese I met were appreciative that we intervened at a point in their history when they had become overly militaristic, a



Saario and her husband, Lee Lynch, were invited to dinner at the home of Nobutoshi Miyazaki, the mayor of Oguni, located on Kyushu, the southernmost of the four main islands of Japan. The mayor has been creative in diversifying the economic base of his small community.



Among Saario's many speaking engagements was a presentation on American corporate responsibility to the Corporate Contributions Committee of the Keidanren, the most powerful business group in Japan.

*"It really behooves the citizens of both countries to understand how for 150 years these two nations have had far more intimate relations politically, economically and socially than most countries have."*

period they now look back on and say was a mistake. We helped reconstruct their society and their economy. General Douglas MacArthur brought them a new constitution which was responsible for land reforms, education and labor reforms, and suffrage for women. The new constitution was responsible for the land reform that ended the tenant land system; it really made possible a middle-class society. The U.S. also invested heavily in rebuilding their physical plant and infrastructure. Once they had the production capacity, we provided a market for their products. The heavy investment of the Japanese in our economy in the last decade was done to make a profit, to be sure; but it also occurred because they understand that our deficit would be far more serious if they hadn't made those investments.

**MMR:** How did your views of the Japanese people change?

**Saario:** The Japanese are not the formal, aloof people that we think they are. They are incredibly gregarious. The degree of chatting that goes on in an office is far greater than here, making them a little less productive than we think they are. They bond with people, and that bonding becomes very significant and is likely to be sustained, for example, over a career. The Japanese tend to be more respectful of friendships and of obligations than we do as a people. They have an interesting saying: "It's very easy to make friends with an American, but it's very hard to maintain that friendship."

At the last seminar I gave to the Sakakawa Peace Foundation, I was very moved by the whole experience of being in Japan and by the incredible generosity of the people. SPF had invited outsiders from the corporate

world in Tokyo, and there was a formal reception for me afterward. In the process of thanking them publicly, I started to cry. I turned to my host and said, "Excuse me, could you say something while I collect myself?" He did, and I went on. The next day one of the professional women at the SPF came up to me in the rest room and said, "I want to talk to you about

yesterday." I thought, "Oh, no, that was so insulting to show tears and emotion. I really blew it." And she said, "I just want to tell you how wonderfully Japanese you were yesterday. I didn't think Americans did anything like that." And she hugged me. Here I thought I was being very American and was embarrassing the Japanese! There's a lot we can learn about how we stereotype each other.

**MMR:** Like your Japanese hosts, we can't help turning to you for some answers regarding American philanthropy as well. It appears that we are in a time of transition, with corporate contributions leveling off over the past three years after rising significantly in the mid-1980s. What changes do you see on the horizon?

**Saario:** I expect that you'll see a significant decline in corporate giving until about 1993. This will be rationalized within corporate settings as an effort to refocus. Most of the major corporations in the Twin Cities have reduced the amount they're contributing; they don't come out and say so, but if you look at the numbers, they are down. And they've readjusted staff and reduced the number of people working in corporate contributions. We're in a recession, and corporations, rightly so, aren't going to be as generous as when profits are rising.

**MMR:** How will non-profit organizations be affected?

**Saario:** They're now recognizing that resources are finite and in fact are shrinking. They are facing the necessity of cutbacks and mergers, and in some instances, terminations.

**MMR:** Is that all bad?

**Saario:** I don't think so. I think there's been a proliferation in the development of non-profits in the Twin Cities, caused not only by government spending but also by corporate largesse. To use an automobile analogy, there were no "governors" on the number of non-profits created during the '70s and '80s. In a period of growth that may be fine, but I don't think people were looking at questions of efficiency, effectiveness and scale then.

**MMR:** In light of the magnitude and complexity of the social and economic problems that your foundation and, indeed, our whole country is grappling with, how do you retain your optimism?

**Saario:** It's a required part of the constitutional character of someone in this business! Your choice is to laugh or to cry. But if you don't stay optimistic, there's no reason to be in the business. ■

*Sylvia Paine is executive editor of Mpls.St.Paul Magazine and a Twin Cities freelance writer.*



**In Nara, the old Japanese capital, Saario met with the head of a volunteer group that is trying to revitalize the neighborhood while still retaining its old architecture.**



## The cultural repercussions of the global marketplace

Japan provides a good example of how the internationalization of business affects not only a country's economy but its culture as well. For example, the Japanese are increasingly beginning to embrace American-style philanthropy, which has no counterpart in Japan. The American idea of turning to the community—including business—for help rather than to government is rather new to many other industrialized countries as well.

"Corporate contributions are pretty much an American phenomenon," says Joseph Galaskiewicz, professor of sociology and strategic management. "The reason is that the not-for-profit sector in many countries is not as well developed, nor is it as important, as it is in the United States. Health and human services, even in western Europe, are funded primarily by the government."

Japanese corporations in the United States face the same expectations for charity that American corporations do, and they are looking to Americans for advice on how to get involved.

Will the American model—professional management, defined goals for contributions, a set percentage of profits designated to be given away—become an international one? Yes and no. "What the Japanese probably will do is to look at the system and pick from it the best parts and then modify it to fit their culture," says Terry Saario, president of the Northwest Area Foundation in St. Paul.

To some extent that's already happening. *USA Today Magazine* reported in January that one innovation among Japanese companies is to base contributions on sales (0.1 percent of sales in the case of the Matsushita Foundation, for instance) rather than on pre-tax profits, which is the American model.

Another, more fundamental, aspect of Japanese culture that may be altered by the internationalization of business is the status of women. Richard Arvey, Curtis L. Carlson Professor of Industrial Relations, who conducted research in Japan in 1987, predicts that international visibility will result in pres-

sure on Japan to improve opportunities for women. Currently, their chances for advancement and even their employee benefits are inferior to men's. As was the case with Amer-

ican women in the 1940s and '50s, Arvey says, only the most talented, most aggressive women achieve significant professional success in Japan today. In part because of the American example, however, he says, "the maturation of that [employment sector] will take place fairly quickly, although because of the dynamics between males and females, I wonder whether Japanese men will ever deal with these issues."

Finally, one of the biggest questions Americans are asking about the Japanese today is one the Japanese also must address at home; namely, why is such a rich country so reluctant to exert political influence, particularly in the name of democracy? As Laurent Jacque, associate professor of strategic management who was on leave in Japan in 1986, put it: "Do they want to be a second-rate political power on the international scene with a first-rate economic base? Or do they want to match politics and economics? in which case they have to become more forceful."

Events in the Persian Gulf provide a timely illustration. "Japan, for whatever reason, has shied away from doing anything and is probably going to pay dearly for it," Jacque says. "I'm sure when the dust settles from the war in the gulf, a lot of questions will be asked by the U.S. Congress. For example, why is Japan getting such a ride from us (in terms of military protection)? One vulnerable point for Japan in the relationship is the large quantity of exports to the U.S. If there were a backlash and that trade were not as open as it has been, it could cost the Japanese dearly."

The Japanese may find themselves re-examining their priorities as the international scene shifts. "For Japan it is difficult," Jacque says, "because public sentiment [there] is against getting involved in a military sense. So the government is pressured both ways." ■

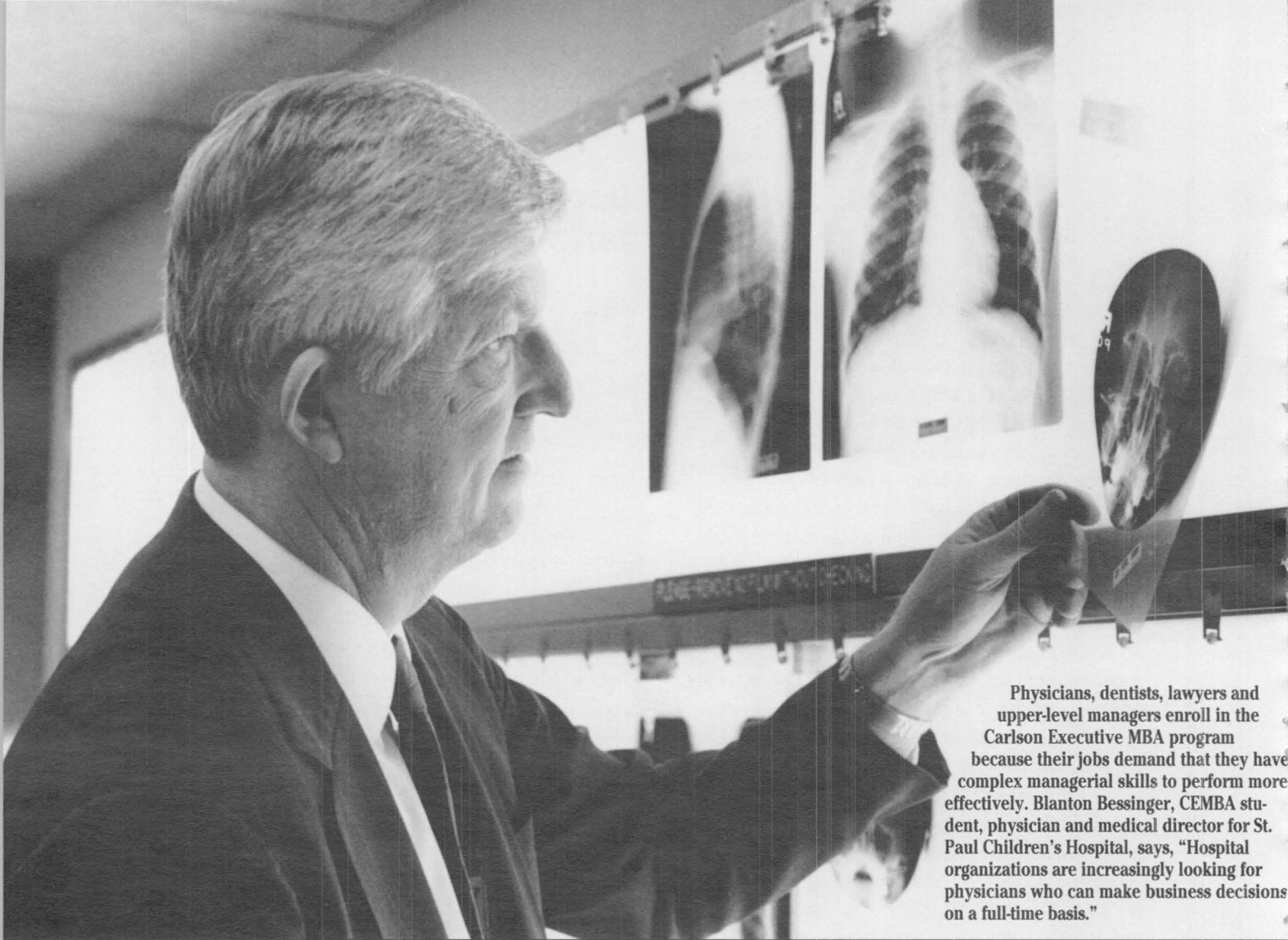


Photo by Tom Foley

Physicians, dentists, lawyers and upper-level managers enroll in the Carlson Executive MBA program because their jobs demand that they have complex managerial skills to perform more effectively. Blanton Bessinger, CEMBA student, physician and medical director for St. Paul Children's Hospital, says, "Hospital organizations are increasingly looking for physicians who can make business decisions on a full-time basis."

# Like a Dream

## THE CARLSON EXECUTIVE MBA PROGRAM

by David Pink

**An MBA program for experienced professionals that treats its students like preferred customers sounds almost too good to be true.**

**T**he Carlson Executive MBA program is a student's dream. Just ask anyone who has experienced the occasional nightmare of a major university's bureaucracy. In the usual university world, even registering for classes can make you feel as if you had entered a whirlwind and landed in Oz, where the clank of the university machine amplifies the clock's ticking minutes. The wait, and the sometimes Ozian machinations of the process, can make students feel as if their lives were passing before their eyes.

Now, dream a little. Imagine: no lines at registration (in fact, how about if

someone registers for you?). No trips to the bookstore (texts will be purchased for you). Parking? No problem—it's paid for. No time to pack a lunch? Don't worry—lunch is provided and served restaurant-style. Plus, your classmates already have the kinds of jobs many future MBAs dream of. But we're not in Oz anymore. We're in the Carlson Executive MBA (CEMBA) program.

The CEMBA program was recently redesigned to meet the needs of executives who are doing anything but dreaming their way through life. The school has revamped the CEMBA format, increased faculty involvement in developing program enhancements, and installed program administrators who are dedicated to providing a service-oriented program for some very special students.

The "average" CEMBA student is 41 years old and has a mean level of 18 years' experience in his or her field. Most have spouses and children, plus a wide range of professional, social and community commitments. The typical CEMBA student is a motivated, inquisitive and experienced professional.

The program's curriculum matches this profile. It builds a bridge between the practical experience of the program's student/professionals and the theoretical concepts faculty draw from relevant research. A CEMBA classroom at work is the Socratic method in action. Learning is a dialogue instead of the lone-wolf-lecturer-in-front-of-the-sheep method most of us experienced in our undergraduate days.

Given the student profile, the school has done its utmost to provide a program that makes it easy for CEMBAs to concentrate on studying rather than on the logistics required to get to the classroom. Students travel from as far away as Iowa, Wisconsin and northern Minnesota to come to class. Both the out-of-town and the in-town students have responded positively to the program's new format: all-day Friday and Saturday classes, on alternating weekends. A weeklong residency at a conference center kicks off the fall term each year, and shorter residencies are held at the beginning of the winter and spring quarters.

Sound too good to be true? Almost. The fact remains that the CEMBA degree is as rigorous as that granted by the regular day program. The curriculum is the same: the first year covers the basic business disciplines through such "tool" courses as financial accounting, managerial statistics and operations management, at the rate of three courses per

**Imagine: no lines at registration (in fact, how about if someone registers for you?). No trips to the bookstore (texts will be purchased for you). Parking? No problem—it's paid for. Plus, your classmates already have the kinds of jobs many future MBAs dream of.**

quarter. The second-year course load deepens students' knowledge in the functional areas and offers a global perspective. It's a generalist curriculum, designed to meet the needs of professionals who are involved in managing complex organizations.

### **A degree that equals empowerment and credibility**

An MBA degree has become almost *de rigueur* in the business world, the ticket to upward mobility in the management field, an indication of business acumen and a passport to career success. So why are physicians, dentists, lawyers and upper-level managers going back to school for an MBA degree when they already hold positions that many MBA students would be happy to have?

Kathryn Carlson, associate director of the CEMBA program, can give you a few reasons. Primarily, she says, "Executives who return for the CEMBA already recognize that knowledge is empowering, that the MBA degree can lead to greater effectiveness at performing the jobs they already hold. Furthermore, in the future it can lead them to positions of even greater responsibility."

The students, to a person, agree. Take Laurel Sorlie, director of the Business Education Center at Fergus Falls Community College. "For me, at this stage in my life, I wouldn't be involved in any kind of program unless I thought it was a good use of my time," she says. "The CEMBA program is an invigorating challenge. In my work I plan business education programs and the CEMBA gives me an inside perspective on the needs of business students. Equally important, it gives me credibility within the business community."

Another CEMBA student is John Sten, managing director at Piper, Jaffray & Hopwood, where he is part of the firm's foreign institutional sales effort. "I agree with Laurel," he says. "I'm 56, and if this program were not worthwhile for me, I'd have other things to do with my time. The CEMBA is an opportunity for me to grow. I don't intend to retire and watch television the rest of my life. I'd like to

retire to another career, and with an MBA I hope to get involved in teaching or consulting. At the very least, the degree will help me perform my present job better. I should add that the Carlson School is on the rise, and the excitement of being part of its success is one of the reasons I chose this program."

Blanton Bessinger, M.D., CEMBA student and medical director for St. Paul Children's Hospital, remarks, "As most people are aware, the nature of medicine has changed. The days of a physician in solo private practice are nearly over. Health maintenance organizations and large physician groups have proliferated and along with them has come an increased need for physicians who are not only able doctors but apt administrators. Hospital organizations also are increasingly looking for physicians who can make business decisions on a full-time basis.

"I've been a practicing and teaching physician for over 20 years, and now that I've moved into the position of physician/manager, I need to have effective managerial skills. I felt the need for formal training and, not coincidentally, a formal degree. I'm very happy at Children's Hospital, but if I should need to or want to move on, an MBA degree will give me an edge. Apart from any possible career moves, what I'm learning makes me more effective at the job I'm doing right now. The diversity of people in the program allows for an invaluable exchange of information. I think that hospitals can learn a lot from the way other industries work."

### **A friendly format**

The CEMBA format of quarterly residencies followed by classes on alternating weekends has proved a major draw for students because it makes it easier for them to fit schooling in with their many other commitments.

For Laurel Sorlie, for example, it makes a huge difference in the time she spends commuting. "The format appeals to me," she says. "I'm from Fergus Falls, 3 1/2 hours from the Carlson School, which

is a long drive; however that is preferable to driving almost every night to school."

John Sten says, "I admire the school for the way it has designed the CEMBA format. It enables very busy people to have the opportunity to increase their education. I travel to Europe at least five times a year—I like to joke that I have the widest-traveled textbooks in my study group—but I can still be a part of this program. The important thing is that the school has done its best to accommodate its clients; in this program all things are possible."

Blanton Bessinger says he explored other MBA programs, including those in hospital administration. "The CEMBA program appealed to me not only because I had heard good things about it, but also because its format allows me to complete the degree in two years, instead of three or four years of nightly attendance."

### The real world in the classroom

The CEMBA program strives to combine practical applicability with the theoretical principles of sound business management. Often, the students' current business concerns drive discussions, making the workplace into a classroom, the classroom into a workplace.

Norman Chervany, joint professor in information and decision sciences and operations management sciences, has taught in the CEMBA program since it began in 1981. "Teaching in CEMBA is challenging, but also rewarding because it's such an active process," he says. "I rarely lecture; rather, I see myself as an orchestra conductor."

Students appreciate and echo Chervany's philosophy. Paul Barnhouse, quality assurance manager for RMS Company, finds the program to be well integrated with his on-the-job managerial concerns. "CEMBA counters a common perception that business schools are divorced from actual practice," he says. "The very first course used cases relevant to projects I was working on at my job. I took the principles and applied them to my work and everything came together. That sounds like praise—and it is—but it's also fact. When I go back to work I bring what I've learned in the classroom with me. Much of the program is geared toward finding the personal values that work best in a management situation. The program has encouraged me to examine my values and in some regards change some of my perceptions. For example, it has helped me deal more effectively and compassionately with my subordinates."

**The CEMBA program was recently redesigned to meet the needs of executives who are doing anything but dreaming their way through life. The school has done its utmost to provide a program that makes it easy for CEMBAs to concentrate on studying rather than on the logistics required to get to the classroom.**

Bessinger notes, "The faculty gives us credit for having work and life experiences. We are treated like the adult learners we are. The focus is on material that will help us in our professions. I was afraid at first that the coursework might not be readily applicable to my current work—that I might just be going through an academic exercise in order to earn a credential. That's proved false; I've used concepts from the classroom many times at work. At the same time I feel as if I've worked harder this quarter than I thought possible, and that's a great feeling of accomplishment."

Sorlie agrees. "The program approaches course content with an appreciation for practical application rather than focusing on rote memorization of principles. The emphasis is on how coursework will be used in the real world."

"The professors are student oriented," says Sten. "If I have a special need, I can telephone them or meet with them for an individual session. That was another pleasant surprise about the program. I've often heard that the University of Minnesota is a numbers factory, and that a student needs to take care of him- or herself to get out of it what he or she needs. This program has proved that such criticism does not hold up."

### A team approach to learning

At the beginning of their first year in the program students are grouped together in teams of five. These work teams remain together for the duration of the two-year program, solving problems, exchanging ideas and discovering and applying new knowledge. It's an intense experience, akin to boot camp. Team members usually meet weekly to review



Photo by Tom Foley

CEMBA students are grouped in study teams that stay together throughout the program. They meet weekly to review course materials, share work experiences and help keep each other on track. Shown here are Ron Smith, director of Business Development at Health One; Lon Waldinger, manager of Production Training at Northern States Power Co.; Bill Caesar, business administrator at Metropolitan Mosquito Control District; Laurel Sorlie, director of the Business Education Center at Fergus Falls Community College; and John LeGray, manager of Quality Assurance at Genesis Labs, Inc.

their coursework, but they also keep in touch over the phone, via fax and modem—generally serving as lifelines to each other.

Sten feels that this team approach is one of the program's best values. "We learn as much from our classmates as we do from the instructors. Our classmates bring very diverse background to bear on the curriculum, and that enlarges our inquiry into management. I'd be lost without the team. The very first week of class I had to make a two-week trip to Europe, and they completely filled me in with notes and briefings when I returned. In another business school, where you are on your own, I'd have been lost."

Bessinger agrees that the team approach is invaluable. "It helps motivate us to do our best. The peer pressure and support form a reciprocal dynamic which encourages team members. If I were involved in a program requiring attendance two or three nights a week, I might find it easy to drop a course here or there and never get through the program. The team approach serves to keep everyone on track."

Sorlie says, "When you are in a program with adults who also are experienced in their fields, it makes one's educational experience so much richer."

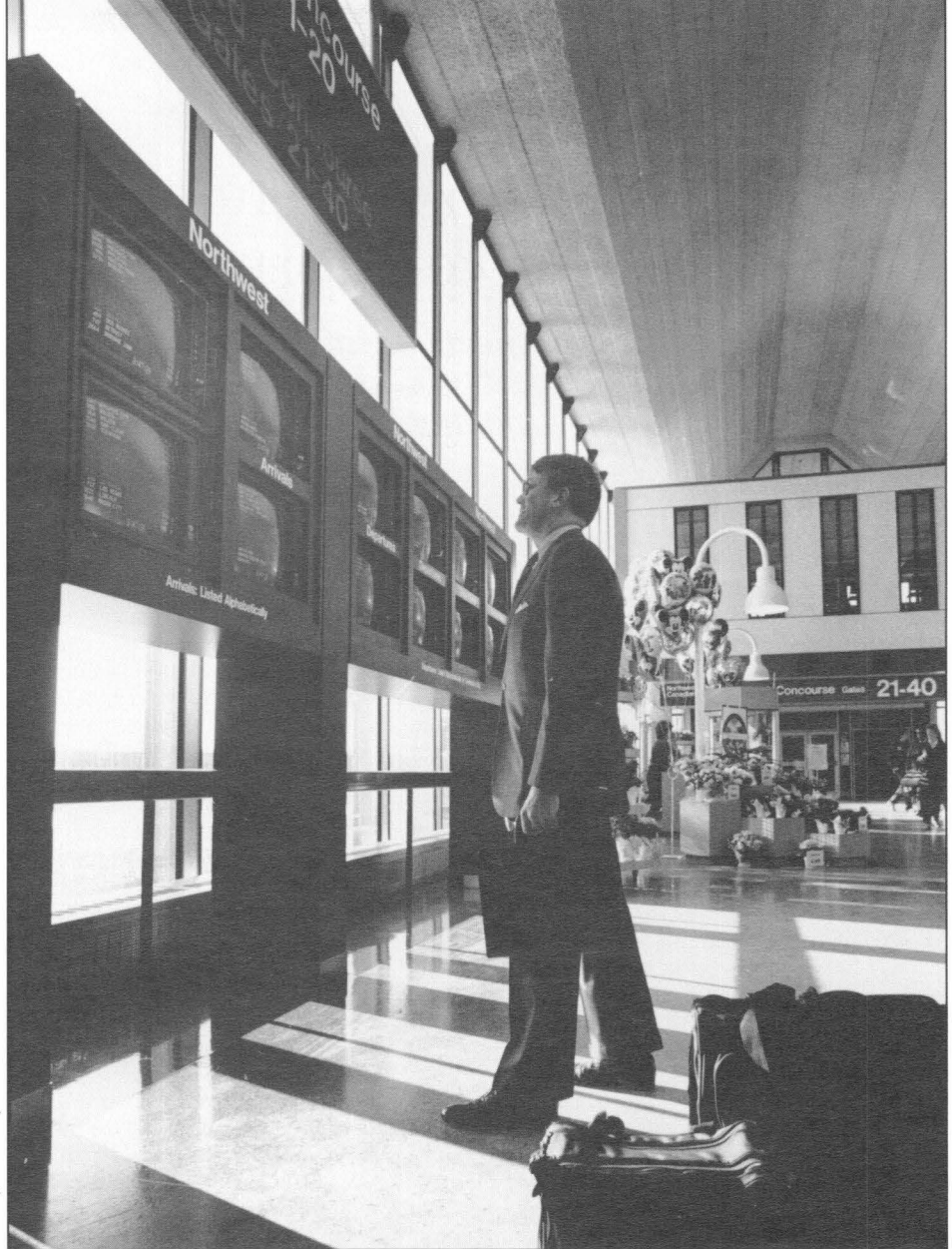
### Juggling three or more worlds

CEMBA students juggle personal commitments, community involvements and their careers while engaging in serious management studies. It's not easy, and students need support as they make crucial decisions to reorganize their priorities.

Sorlie is involved in community activities in Fergus Falls. "That's an important part of my life," she says, "although it does get to be a balancing act. There are some things I'm willing to give up and others that I am not. For example, I'm involved on the board of the West Central Minnesota Initiative Fund, an economic development fund initiated by the McKnight Foundation that grants monies to nine western Minnesota counties to spur economic growth. That has been very satisfying to me and I am not willing to resign from the board. Otherwise, my children are grown—my son is getting married in March, on a school weekend. I'll certainly go to the wedding, but I have to admit that school will be in the back of my mind."

Sten says, "My priorities are my family, my business and some extra-curricular

Photo by Tom Foley



Thanks to the CEMBA format, with classes held on alternating weekends, John Sten can go to school full-time and still make the frequent trips to Europe required for his job as managing director at Piper, Jaffray & Hopwood.

activities; then comes school. My wife is going to school at Pepperdine for a master's degree in organizational development, so that helps. We spend a lot of our time together studying."

Bessinger says, "My wife has been very supportive, because she knows that this is what I really want to do. She's also a professional in her own right, as a neonatal nurse practitioner. Our time has been cut into, but we still make time to do the things we really want to."

### Dreaming on

While it's clear that current CEMBA students are satisfied, the program is continuously looking for ways to make enhancements. A Friday night speaker's series is being planned, to bring in top professionals to lecture and hold discussions—another activity aimed at bringing the workplace into the class-

room. Even more ambitious is a plan to arrange an international trip for second-year students so that they can see for themselves how industry works in other countries. Associate Director Kathryn Carlson notes, "Many of these CEMBA program innovations come directly from student suggestions. There's not a phase of this program in which students are not actively involved."

After the dream comes reality, and then the dream begins again. CEMBA students, no strangers to it, are living a life of hard work and study that will make other dreams possible. ■

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

## Look carefully at your incentive-information structure

*Research into how incentive-information systems work could dramatically change how businesses and other organizations improve quality, efficiency and effectiveness*

by Amin H. Amershi

"If you pick the right people and give them an opportunity to spread their wings—and compensation as a carrier behind it—you (almost) don't have to manage them." (John F. Welch, CEO of General Electric as quoted in *Business Week*, April 25, 1983)

A business executive is rewarded with a bonus and promotion for increasing profit or market share. A car dealer advertises a \$3,000 rebate plus free gas for a year to anyone who buys the latest Cadillac. An insurance company promises lower auto rates to people who can prove that they haven't had an accident in the last three years. The law warns potential criminals that they will incur severe penalties from society if they commit a felony. The IRS warns taxpayers to submit truthful returns because there is a 1-in-20 chance that an audit will catch a false return and the taxpayer will be penalized.

What is common in all these descriptions of everyday activities? The carrot or stick (or both)—or, more precisely, incentives and disincentives. Furthermore, in each example, information makes the incentive or disincentive credible and enforceable. These are simply a few examples of the ubiquitous incentive-information structures found in any organized society and without which most activities in society would come to a grinding halt.

Incentive-information structures are also found in nature, and the animal kingdom reacts to them by reflex. A herd of gazelles would stampede for dear life (the incentive) if the spoor of a lion (the information) was in the air.

I use the hyphenated compound word "incentive-information" in labelling the

system that facilitates and directs productive activities such as trading, management, manufacturing and service, for a specific reason. An incentive system cannot exist without support from an information system dedicated to effecting and enforcing the incentives. It is not enough to understand the incentives per se, but also how they will be implemented within a given configuration of information. For example, say a car salesperson will be given a straight salary plus a bonus if he or she "works hard" as an incentive. Without any reliable information about what it means to work hard, however, the incentive is meaningless.

Recent research into how incentive-information structures work is providing some very practical insights for organizations. My purpose here is to provide a brief overview of this research, but first it is necessary to define the terms incentive structure and incentive-information structure. This is essential because literally thousands of articles on the subject have been printed in the popular press in which these terms are undefined or ill-defined, and they have produced a fog of confusion. Therefore, in this age of soundbites and two-minute intellectual discussions (as seen on television between commercials), I proffer the following short descriptions:

An **incentive** is a socio-economic or political device that "persuades" people to take actions that they otherwise might not take.

An **incentive structure** is a collection of incentive devices.

An **incentive-information structure** is an incentive structure and an information system that implements the incentive structure to the extent that the

incentives come into force contingent upon events verified by the information system.

A simple real-life example further illustrates these definitions. Most real-estate brokers derive nearly all their compensation as commissions from the sale of properties. They are paid very little, if any, fixed salary. Why? Let us examine the reasons.

Suppose a broker receives a five-year contract that pays a fixed salary of \$50,000 a year, regardless of the sales consummated or new listings procured. With such guaranteed compensation, the broker may as well sit in the office or take off on frequent trips to sunny, fun-filled places. There are no incentives in the contract for the broker to exert effort to increase the revenue and profits of his or her employer.

On the other hand, consider a broker who receives most of his or her compensation from commissions and new listings. This broker receives 3 percent of the gross value of every completed sale and a bonus of \$1,000 for each \$500,000 of property listed for sale. The two incentives—the 3-percent commission and the \$1,000 bonus—constitute the incentive structure. The information structure supporting the incentive structure is the verifiable documentation that a bona fide sale or a new listing has occurred.

Now, this may not be an "optimal" incentive-information structure. Indeed, it may even be a bad scheme providing perverse incentives. For example, the broker could, without effort, procure \$10,000,000 of new listings and pocket a commission of \$20,000. The important point is: The owners and other parties (such as top-level management) have to carefully design these structures—they simply do not fall out of heaven! Indeed, just as designing a bridge or a plane or any other tangible structure requires advanced technical skills, the design of incentive-information structures requires no less.

The economic and societal landscape is littered with bankrupt and badly functioning organizations wasting resources because their incentive-information structures were poorly designed. The



Amin H. Amershi is professor of accounting and information systems at the Carlson School. His research specialties are the design and analysis of management control systems and audit structures, information economics and the value of information in financial markets. His current research is focused primarily in the areas of incentive structures and management accounting.



\$500 billion savings-and-loan fiasco is a case in point. It is now obvious that the entire incentive-information structure of the S & L's, from the bonus and incentive contracts of the loan managers to the monitoring of the loan portfolios by the auditors and regulators, was defective.

Why are incentive-information structures needed in the first place? Why can't people simply realize that what's good for their employer is also good for them? The simple answer is that people are not robots and do not function as robots. Different individuals have different goals, aspirations and information, and these goals rarely, if ever, mesh to form a focused and dedicated team. Even totalitarian regimes (take the Soviet Union as a case in point) cannot coerce people to work as a team all the time.

Most tasks in modern societies—running a business, managing a hospital, directing a military campaign, to name a few—are complex, and utilize sophisticated technology and knowledge. Consequently, they cannot be performed by a single individual. A group of people, large or small, is needed. In economics, this is called division of labor—a concept known to economists and organization leaders from time immemorial; that is, the task has to be broken up into smaller tasks and authority has to be vested in different people who have the appropriate skills and knowledge to implement their specific subtasks. This “spreading” of the organization is called decentralization.

Decentralization in and of itself does not cause any problems if every person in the organization has the same goals as everybody else. The problem arises when goals conflict. The goals of Michael Milken (of Drexel Burnham Lambert) were certainly different from those of the SEC! Goal conflict emerges from and is exacerbated by information asymmetry—different people in the organization having access to different information. For example, medical insurers may not know the details of the medical condition of an insuree. In this milieu, some medical experts may use the information asymmetry to enlarge their revenues at the expense of the insurance company.

Precisely this confluence of factors—inevitable decentralization, goal conflict and information asymmetry—generates the demand for information-incentive structures. The purpose of these structures is to reduce the adverse impact (or “negative externalities,” in economic jargon) of people taking actions they are not supposed to take and not taking actions they are supposed to take, and con-

cealing information they are supposed to reveal.

Two overarching problems occur in most decentralized organizations: the problem of hidden actions (hidden because decentralization and information asymmetry makes direct monitoring almost impossible), and the problem of hidden information. These problems are well known in the insurance industry, where they're called “moral hazard” (hidden action) and “adverse selection” (concealed information). (Indeed, a substantial amount of incentives research derives its insights from the experience of the insurance industry.)

### **The economic and societal landscape is littered with bankrupt and badly functioning organizations wasting resources because their incentive-information structures were poorly designed.**

Consider a bank loan manager working on a loan application. If the manager has limited accountability regarding the loan's soundness, and very weak (or even perverse) incentives to determine its risk characteristics (no monitoring, pay dependent only on volume of the loans originated and so forth), then the manager may not expend the care needed to screen the riskiness of the loan (hidden action). Even more damaging to the shareholder, the loan manager may collude with the applicant to suppress important information (hidden information) for kickbacks from the applicant.

Over the last 20 years, considerable research effort in economics, accounting (especially in management control systems) and finance has been directed at understanding how incentive-information structures work. This body of knowledge, generally known as information econom-

ics, is the fastest-growing, most practically relevant and theoretically demanding area of economic research. The research is very technical and requires a high degree of proficiency in advanced mathematics, statistics, economics, finance, accounting and hard computer science. Nevertheless, the flood of new insights into how organizations work is both exhilarating and of much practical value.

For instance, in a recent article, Jensen and Murphy<sup>1</sup> confirm, based on extensive empirical work, the well-known theoretical insight that CEOs are properly motivated by how their compensation is structured rather than by its size. Similarly, Professor Srikant Datar, a renowned international expert on modern manufacturing, and I have written a paper<sup>2</sup> in which we reject the notion that Japanese manufacturers have any cultural advantage over American industry in the use of such powerful production techniques as Just-in-Time Inventory and Total Quality Control. We show that well-crafted incentive structures would also motivate American executives and production workers to excel in manufacturing quality goods.

This should be of much interest to the American manufacturing industry since the Japanese are now gearing up to compete on the highest level of quality, which they call “Kansei Engineering” or “Miroy-okuteki Hinshitsu.” Roughly translated, this means a total awareness of and total focus on **all** aspects of quality, including psychological aspects such as awe-inspiring aesthetic appeal, design, reliability and product excellence<sup>3</sup>.

It may seem that incentive-information structures are necessary or useful only in manufacturing settings. On the contrary, since decentralization, goal conflict and information asymmetry are far more pervasive and entrenched in the service industries, these structures are of crucial importance there. In particular, the health care industry, where the inflation rate over the last 15 years has been 12 to 15 percent a year (300 percent of the average rate in other industries), is in

*As I See It, continued on p. 31*

1 Jensen, Michael C. and Murphy, Kevin J. “CEO Incentives—It's Not How Much You Pay But How.” *Harvard Business Review*, May-June 1990, No. 3, pp. 138-153).

2 Amershi, A.H. and Datar, S. “Incomplete Contracts, Production Expertise and Incentive Effects of Modern Manufacturing Practices.” Working paper, Stanford University and University of Minnesota, 1990.

3 See “Auto Quality,” *Business Week*, October 22, 1990.

**In this new section of the *Minnesota Management Review*, we will bring you a sampling of ideas that have been presented recently at the Carlson School. We will glean these ideas from a variety of sources, including research, special lectures and seminars. If you would like more information about any of the topics summarized here, please call Martha Douglas at (612) 625-0843.**

## **After the Gulf War: Ideas on recovery**

by Susan Stuart Otto

Several members of the Carlson School faculty have been contacted by local and national media for their views on the economic effects of the Gulf War and on the process of recovery. Here's what they've been saying.

Bruce Erickson, professor of strategic management and organization, feels that the successful conclusion of the war shows that the United Nations can be effective. If this success follows through to future crises, it will mean a great advance for human history. Erickson says, "I've been asked a lot of questions about what will happen now that the war is over and my sense is that a general peace conference will address the Palestinian question and will encourage the formation of an Arab Development Bank to help the poorer countries, not only Iraq and Kuwait."

Erickson believes "the world will be awash in oil" after Iraq and Kuwait resume their oil production. He agrees with Alfred Marcus, associate professor of strategic management, that if there were absolutely free markets, prices would stabilize at considerably less than \$20 a barrel. Erickson and Marcus both say that this is a good time to consider higher federal taxes on oil and gas, currently among the lowest in the world. "We should impose upon ourselves an energy tax that would spur conservation and alternative technologies," according to Marcus. "This would also help with the budget and trade deficits."

Marcus went on to say that "Winning the peace after the war is going to be difficult, but I can see a positive outcome if there is a change in consciousness among the Arab people with regard to the West. If the value placed on economic development were as strong as the value placed on achieving military parity, the Middle East would have tremendous potential for economic growth."

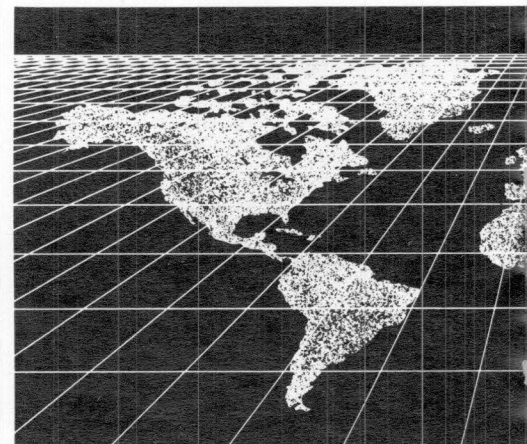
Ross Azevedo, associate professor of industrial relations, believes that the war has altered the balance of power in the Middle East and that recovery will be all the more difficult because everyone will be jockeying for power. "No one was neutral in this war, including Iran and the

U.N.," said Azevedo, "so the biggest issue is, who can step in the middle to help resolve the conflict?"

He said the biggest difficulty facing the Middle East is that "the Western powers feel they can find solutions to problems and impose them on the region. There is a general failure of the West, which includes the Soviet Union in this context, to realize that the resolution of the Middle East situation must be done by Middle Easterners, not the super-powers. The West, which includes the United Nations, attempting to force a solution on the countries of the Middle East will only set the stage for more conflicts like those which have erupted over the past 50 years.

When questioned by the media on implications for employment, industrial relations Professor John Fossum said the most significant short-term issue is the disruption caused by reserve call-ups, especially in small towns. And, he adds, the difference between military and civilian pay may present problems, just as jury duty does on a smaller scale. "If defense increases its claims on engineers," he says, "industries requiring those skills to design and produce consumer goods may fall behind."

The United States, as the world's only military superpower and its most versatile democracy, must take the lead in the reconstruction and development of not only Kuwait and Iraq, but all countries in the Middle East, according to Professor Amin Amershi, professor of accounting and information systems. "Whoever helps rebuild Iraq and Kuwait and in general develops the entire Middle East, will garner the infusion of nearly \$500 billion to \$1 trillion into their economies over the next ten years, and enjoy



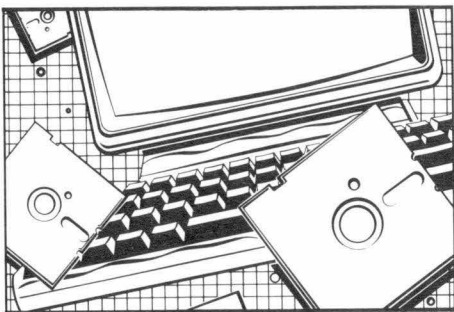
tremendous growth and goodwill of the region's peoples."

If the U.S. fails to seize the opportunity, warns Amershi, "economic superpowers like Germany and Japan are waiting in the wings to cash in on the destruction, despair and anger" felt by the people in the region.

To be effective, Amershi believes the U.S. must recognize two factors. First, that a majority of the Muslim world opposed the invasion of Kuwait and many of the policies put forth by Saddam Hussein. "Second," continues Amershi, "the United States and its allies must impress upon the Muslim world that we are there not to dominate and humiliate, but to develop lasting democratic and economic institutions for the benefit of the peoples in the region, just as we did after World War II. If this does not happen soon in the Middle East, there will be a rise in radical fundamentalism that will damage the long-term interests of the U.S. throughout the Muslim world."

Amershi advises U.S. foreign policy throughout the world to look beyond dictators and oligarchies to empathize with the people under these brutal regimes. "America needs to show its generosity and goodwill not only in the Middle East, but also in other parts of the world, including South Africa and Latin America. The so-called "New World Order" will sound hypocritical to most people in the world who yearn for peace and human rights if the U.S. and its allies apply different criteria to different countries."

Professor Amershi says he was very encouraged by President Bush's recent address to the nation in which he emphasized these ideas and recognized the historic destiny of the U.S. in the world today.



## Using expert systems for troubleshooting in computer manufacturing

by Susan Stuart Otto

A partnership in research funded by IBM and led by Paul Johnson, Carlson Professor of Decision Sciences, has produced clear benefits for both sides. According to Chuck Matthews, a staff engineer at the IBM facility in Rochester, Minn., the research has produced technological breakthroughs which will be implemented at the Rochester plant this spring.

Johnson's research in the field of artificial intelligence has led to what Matthews describes as the third generation of expert systems. Expert systems are a class of computer programs that try to mimic how people solve problems, but speeding up the process. The research with IBM focused on using expert systems to identify problems during the development of new computer cards, and to help in figuring out how to repair them. The results showed that the expert systems could shorten this process by up to two years.

Johnson says the work has been very rewarding for him because "it has advanced our scientific understanding of an important problem." He likes working on real problems facing real businesses, and always involves people from the company on the research teams because they are "like a reality check." Not only has this work led to the publication of significant academic papers, but Johnson is now working with an IBM facility in New York on using expert systems to repair computer chips.

Johnson has also conducted studies on expert problem solving and decision making in the areas of management, engineering, science, medicine, agriculture, quality control, auditing and law.

## Business opportunities in Eastern Europe

by Karen Potter

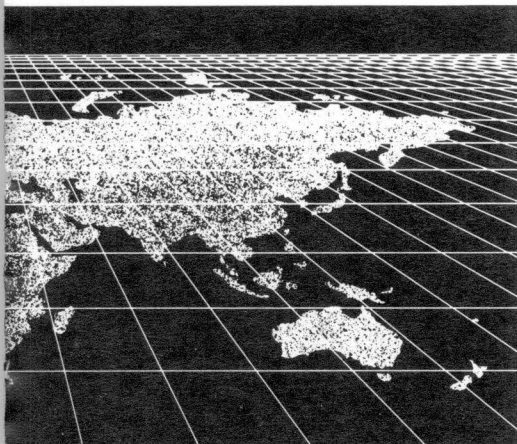
Do the economic and political changes that have taken place in Eastern Europe have any significance for American businesses? According to speakers at an International Forum discussion last fall, the answer is an emphatic "yes!"

Andrzej Klawe, from the Polish Embassy's Economic Counsellor's Office, and Frank Wade, senior manager of KPMG Consulting Group's European Strategy Services, were the main speakers in the program "Doing Business in Eastern Europe."

Poland is working to restructure its economy and establish more privately owned enterprises, and foreign investment in Poland will benefit everyone concerned, said Klawe. Foreign companies can bring with them the technology, organization and capital that Poland needs. Poland, on the other hand, can offer these companies a central location in Europe, an abundance of inexpensive, well-trained laborers, and an opportunity to develop trade relationships with neighboring countries.

Wade advised those interested in doing business in this part of the world to do their homework and develop a strategy first. They should research the market, but will need to look at qualitative data since information in the form of facts and figures does not currently exist for Polish markets. In assessing the risks of doing business there, business people need to keep in mind the condition of Poland's currency and the recent political and economic collapse. Wade said it's important to cultivate reliable contacts in business, banking and government, and to use these contacts to establish a market foothold.

Finally, said Wade, "Avoid waiting very long to take advantage of the opportunities in Eastern Europe."



## “A Serious Look at Difference” gives a new perspective on disability

by Karen Potter

With today's diversity in the workplace, learning how to live and work with people of different races, gender and abilities is more important than ever. To encourage Carlson School students, faculty and staff to develop more sensitivity to those who, in one way or another, are different from the majority, the Undergraduate Studies Office and the Office for Students with Disabilities created “A Serious Look at Difference,” a disability-simulation program.

The 22 participants in this program agreed to go through their regular routines for one day in wheelchairs. To make sure everyone was exposed to a wide variety of the everyday situations experienced by people with disabilities, the participants were assigned to complete certain tasks, or “contracts,” such as going to the East Bank, Dinkytown or

the St. Paul Campus, visiting specific offices on campus, and checking a book out of the library.

Fulfilling the contracts was sometimes next to impossible. Jerry Rinehart, director of Undergraduate Studies, was instructed to make his way from Blegen Hall to the Law Center Office without going outside. He eventually accomplished this feat, but only with a great deal of time and effort. “Getting to the lower level of Willey Hall wasn't too much of a problem,” Rinehart remarked, “but getting into the Law Center took a lot of work. I couldn't go up the four steps which lead into the center, and access to the elevator requires a key, so I had to find a custodian to operate it for me.”

Other participants experienced similar frustrations throughout the day. Senior Todd Williams managed to

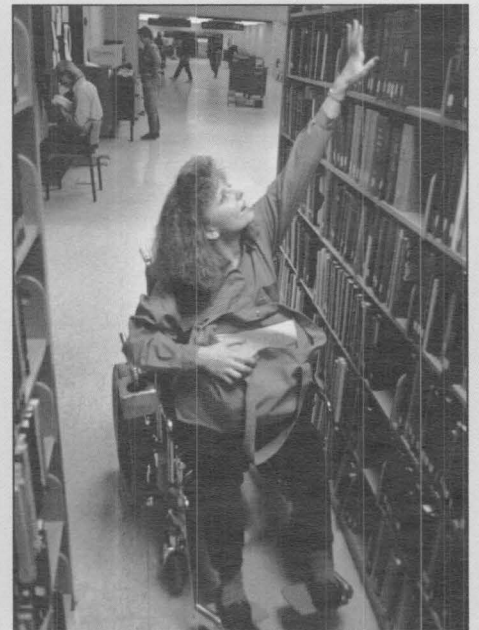
travel from one class in Blegen Hall to his next one in the Humphrey Center, only to discover that the class had been moved to Blegen Hall—next door to the room he had just left!

Other problems arose because of the winter weather. Jerry Rinehart had the nerve-racking experience of getting stuck in the crosswalk on Washington Avenue. Derek Zimmerman, a senior, tried to get to Kinko's on Seven Corners but couldn't because snow blocked the sidewalk. And Mary Kavanaugh, Undergraduate Studies advisor, was unpleasantly surprised at how dirty her clothes and hands got from wheeling outside.

Everyone was also required to ride an inter-campus bus at least once, and all agreed it was one of the most trying experiences of the day. Since only a few

buses are equipped to handle wheelchairs, some participants had to wait for more than half an hour before the right kind of bus came along. Boarding the bus was time-consuming: the wheelchair-loading platform moves slowly and, once inside the bus, the rider must be strapped in so that the chair doesn't roll around while in transit. Several participants were very uncomfortable with this process because they felt they were holding up the other passengers, and they found the experience of being strapped in demeaning.

The people primarily responsible for bringing “A Serious Look at Difference” to the Carlson School were Linda Wolford, coordinator of general services at the Office for Students with Disabilities, and Michelle Grosz, program administrator for Undergraduate Studies. Wolford,



During the “Serious Look at Difference” disability simulation, participants found that many of the things that able-bodied people take for granted, such as getting on an elevator or opening a door, can be difficult for people confined to wheelchairs. (Todd Williams, left; Jerry Rinehart, right.)

Julie Thompson went to check out a book at the library and found that she couldn't reach the shelf it was on.

# Campus news



## Lifetouch National School Studios honored by EDC

Lifetouch National School Studios, Inc. of Minneapolis has been selected to receive the 1991 Corporate Recognition Award from the Carlson School's Executive Development Center (EDC). The award was bestowed in recognition of the company's outstanding work in developing its executive employees through participation in EDC programs. The company's chairman and chief executive officer are among the senior executives who attended the Minnesota Executive Program, an intensive, five-week program for upper-level management.

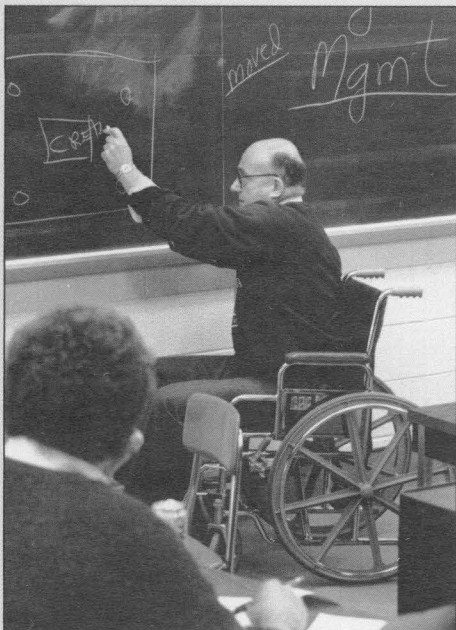
Past recipients of the award include Apogee Enterprises, U.S. West Communications, NSP and Cargill.

who is disabled, designed the contracts and made the simulation more realistic by forcing the participants to go their separate ways during the day, rather than moving around as a group.

At a wrap-up session at the day's end, the participants agreed that, although they found the program difficult, it

was a valuable experience. Many expressed a desire to help bring down the barriers that handicapped individuals face on campus. Wolford said the first step in bringing about change is to make others aware of the problem. "A Serious Look at Difference" certainly did just that.

*Alan Pham is shown (above and below, center) approaching and boarding a bus, which simulation participants found to be one of the most trying experiences of the day. Wheelchairs must also be secured with straps on the bus (below, right), a requirement Lee Falck felt was demeaning.*



*While teaching a class, Acting Associate Dean Fred Beier discovered that he was limited to using only the lower part of the blackboard.*



## MBA students take to the field

Second-year MBA students are out in the business community this quarter, working on the 14-week field project required of all regular day MBA students. These projects give students, working in teams of four, the opportunity to apply the skills developed during the MBA program to actual problems at sponsoring businesses and other organizations.

This year, students are working on field projects at 3M, ABM Equipment & Supply, ADC Telecommunications, Barr Engineering, Carlson Companies, Children's Theatre Company, Child's Play Theatre Company, Crossroads Business Services, Delta Environmental Consultants, Federal Reserve Bank of Minneapolis, Graco, H.B. Fuller Co., Honeywell, IDS Financial Services, Illbruck, Learn-PC Video Systems, Medtronic, Metropolitan Health Plan, Minnesota Department of Labor & Industry, Minnesota State Horticultural Society, National Sports Center, Nationwide Communications, Rosemount, Shaw Lumber Co., State of Minnesota, The St. Paul Companies, Toro Co., Two S Properties and the University of Minnesota.

Faculty members serving as advisors are George Benson (6 teams), Gerardine DeSanctis (3 teams), Gary Dickson (3 teams), Ehsan Feroz (6 teams), Don Harper (3 teams), Tom Hoffmann (6 teams), Dave Naumann (6 teams), John Reik (3 teams), Bill Rudelius (3 teams), Richard Saavedra (3 teams) and Jim Scoville (3 teams).

## Advisory board helps determine direction of undergraduate education

Many Carlson School programs receive help and advice on their strategic planning from volunteer advisory boards, which are often comprised largely of individuals from the business community. This is one way the school

stays in touch with the needs of the business community, to make sure that its educational programs are adequately preparing students for today's business world.

Undergraduate Studies works with an advisory board, which was formed to serve as a source of and a sounding board for new ideas and directions in undergraduate business education. In the past few years the board has addressed topics such as the role of liberal arts in a business degree program, the impact of reducing the size of the undergraduate program, the use of "subjective" criteria such as essays and resumes in making admissions decisions, and the offering of honors programs for business students.

"In every case, the board has provided important insights and recommendations which have helped shape the outcome of the school's deliberations," says Undergraduate Studies Director Jerry Rinehart.

The board typically meets three times a year and breaks into subcommittees to address specific issues. In addition to Rinehart, the members include:

Robert Bjork, '81 BSB, vice president, Financial Planning, Business and Estate Advisers  
James Cox, '50 BBA, retired vice president and treasurer, NSP

Paul Gam, '84 BSB, vice president, Finance, U.S. Communications

Michelle Grosz, program administrator, Undergraduate Studies

Ron Hubbs, retired chairman and former president, The St. Paul Companies

Ann Rockler Jackson, president, Rockler Companies

Jackie Looney, managing director, INROADS

Elaine May, associate dean, College of Liberal Arts

Don Moersch, '57 MAIR, vice president, Human Resources, ADC Telecommunications

Don Morris, director, Corporate Accounting Operations, Honeywell

Richard Perrine, '76 BSB, tax partner, Arthur Andersen & Co.

Carolyn Quehl, president, Carbil

Terence Quigley, vice president, Human Resources, Deluxe Corp.

## First return visit from Moscow trip

Professor Alexander Molostnov, director general of the Soviet-American Joint Venture SAMAN, was the first official to visit the Carlson School to follow up on discussions held during Acting Dean Tim Nantell's visit to Moscow in early February (see pages 2-3). SAMAN, which is a joint venture between the William Norris Institute in Minneapolis and the Institute of Management in Moscow, produces educational software. It is one of the organizations with which Carlson School representatives held discussions to explore what kinds of educational programming the Carlson School might undertake with the Soviet Union. Molostnov met with faculty members from several Carlson School departments during his visit here.



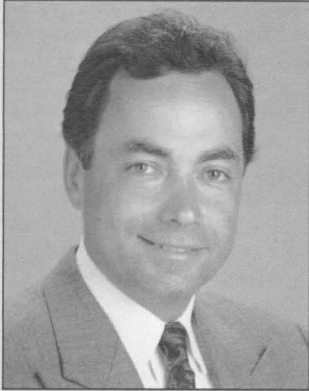
Professor Alexander Molostnov, director general of SAMAN, and Carlson School Acting Dean Tim Nantell meeting in Moscow.

## Business Day 1991 focuses on entrepreneurship

The school held its 31st annual Business Day on April 4, with speakers and panel discussions focusing on "Entrepreneurship: The Spirit of Business." "Idea broker" W. Gibson Carothers, head of Gibson & Carothers, was the luncheon speaker. The featured speaker at the evening banquet was Juergen Bartels, president of Carlson Hospitality Group, Carlson Companies Inc.

Small group discussions presented ideas on what it means to be an entrepreneur, public event entrepreneurship, new product development, franchising, negotiating and entrepreneurship in Eastern Europe. A special panel discussion looked at entrepreneurship in the Twin Cities entertainment industry.

In the next issue of the *MMR*, we'll bring you highlights of Business Day, as well as Business Week, including the second annual Lip Synch/Talent Show.



Alan Diamond



Ian Martin

## Diamond and Martin join Board of Overseers

Joining the Carlson School Board of Overseers in the past year are two new members: Alan R. Diamond, president and CEO of Frank B. Hall & Co. of Minnesota Inc., and Ian A. Martin, deputy group chief executive of Grand Metropolitan PLC. They will serve three-year terms on the board, which is an advisory group to the dean of the Carlson School. Board members are chosen from among individuals who have demonstrated leadership in their fields.

Alan Diamond graduated from the University of Minnesota in 1971 with a B.S. in psychology. He joined Frank B. Hall in 1975. In community affairs, he serves as chairman of the board for Ballet Arts Minnesota and is a volunteer for United Way and the American Cancer Society. Frank B. Hall & Co. has awarded a yearly scholarship to deserving insurance students who

attend the Carlson School of Management. The company is a member of the school's Associates Program.

Ian Martin was recently promoted to his current position at Grand Metropolitan. He is also head of the worldwide Grand Metropolitan Food Sector, which includes The Pillsbury Company, Burger King, Haagen-Dazs Co., Inc., and Alpo Petfoods in the United States, and Express Foods Group in the United Kingdom. He is a native of Dundee, Scotland. He is a board member of Grocery Manufacturers of America, The Conference Board, Minnesota Business Partnership, United Way, Minnesota Meeting, 1991 Special Olympics and Children 2000 Commission. The Pillsbury Co. funds an endowed chair in marketing at the Carlson School and is a member of the Associates Program.

## Carlson School gains from university's reallocation plan

Earlier this year University President Nils Hasselmo unveiled a plan to reallocate \$60 million of university resources over the next five years. This reallocation is an integrated set of resource shifts designed to guarantee the quality of the university's most important programs by reducing or eliminating lower priority programs. Although this is a very painful process for the university to undertake, President Hasselmo initiated it to ensure that we are using our resources as efficiently as possible. In March, the Board of Regents approved the reallocation plan.

The Carlson School is one of the units that was identified to receive additional funding as a result of this reallocation. This outcome undoubtedly reflects the efforts the school has made up to now to become more efficient in its operations and to find ways to increase and reallocate its own resources.

Specific measures the school has taken in the last four years include:

- Reducing the undergraduate program from 1500 to 750 students
- Reducing the Ph.D. program by 25 percent
- Dropping 7 faculty and staff lines
- Adding tuition revenues by increasing the size of the MBA program without increasing faculty or staff
- Generating funds through outreach programs such as the Executive Development Center

The school has also been asked to reallocate an additional \$1.5 million internally over the next five years.

## Two new companies join the Associates Program

The two newest companies joining the Carlson School's Associates Program are U.S. Communications and GMAC Residential Funding Corp. The Associates Program is the school's corporate membership organization, providing unrestricted contributions that are used to launch new projects, seize unexpected opportunities and support annual activities that enhance the quality of the school's programs. Contributions range from \$1,000 to \$10,000.

GMAC Residential Funding Corp. is a Bloomington-based company owned by GMAC Mortgage. Their gift will be used for the Carlson Advantage Scholarship Program. U.S. Communications is a full-

service promotional marketing firm that was recently purchased by a private Chicago company, Unispond.

Associates Program members include:

ADC Telecommunications  
American Medical Systems  
Contel  
Dain Bosworth  
DowBrands  
First Bank System Foundation  
General Mills  
GMAC Residential Funding Corp.  
Golden Valley Microwave Foods  
Frank B. Hall & Co. of Minnesota  
Holden Business Forms Co.  
Honeywell  
IDS Financial Services  
Jacobs Management Corp.  
Lyman Lumber Co.  
Medtronic  
Minnegasco  
Minnesota Mutual Life Insurance Co.

Northern States Power Co.  
The NWNL Cos.  
Norwest Corp.  
On-Line Software International  
Remmele Engineering  
3M  
Union Pacific Corp.

### Contribution Affiliates

Cardiac Pacemakers  
Champion International Corp.  
Cherry Tree Ventures  
Control Data Corp.  
Ecolab  
H.B. Fuller Co.  
GE Capital Fleet Services  
The Gillette Co.  
Lieberman-Okinow Foundation  
Marquette Bank Minneapolis  
Mayo Clinic  
Onan Corp.  
Pentair  
The Pillsbury Co.  
Tennant Co.  
US Communications Corp.  
US WEST

## NEW GRANTS

**Avner Ben-Ner** has received a seed grant from the Conflict and Change Center for a project on "Cooperation, Conflict and Control in Organizations."

## NEW APPOINTMENTS

**Alexander Ardishvili**, from the Institute of World Economy and International Relations in Moscow, has joined the faculty as a visiting assistant professor in operations and management science. His research specialties are management, entrepreneurship, venture capital and entrepreneurial education.

**Pierre Jacques Ehrlich**, from the faculty of Escola de Administracao de Empresas de Sao Paulo de Fundacao Getulio Vargas, Sao Paulo, Brazil, will be a visiting professor in the Department of Information and Decision Sciences this summer.

**Patrick Louis**, from the faculty of Institut D'Administration des Entreprises, Universite Jean Moulin-Lyon III, Lyon, France, will be a visiting assistant professor in the Department of Finance spring quarter as part of the faculty exchange program between the Carlson School and Lyon III.

**Gang Wang** is visiting the Department of Finance as an honorary scholar, coming from the State Planning Commission, Republic of China.

## PUBLICATIONS

**Avner Ben-Ner**, "Privatization and Entry of New Firms in Eastern Europe and the Soviet Union," with E. Neuberger, *Jahrbuch der Wirtschaft Osteuropes*, 1990; "The Incidence of the Non-profit Sector in the Mixed Economy," with T. Van Hoomissen, *Annals of Public and Cooperative Economics*, forthcoming; "Employee Ownership: An Overview of Its Growing Incidence Around the World," with D. Jones, *Proceedings of the Forty-Second Annual Meeting of the IRR*, forthcoming.

**Norman Bowie**, "Challenging the Egoistic Paradigm," *Business Ethics Quarterly*, 1991; "Money, Morality and Motor Cars," in

## Faculty Profile



Photo by Tim Rummelhoff

**Norman Chervany**  
Teaching the experienced professional

Holding a joint professorship in the Department of Information and Decision Sciences and the Department of Operations and Management Science, Norman Chervany has spent years in a variety of teaching situations—from undergraduate to graduate courses, seminars for executives and the Carlson Executive MBA (CEMBA) program.

But what Chervany likes best, of all his teaching opportunities, is "working with the most challenging students."

For Chervany, the makeup of the Carlson Executive MBA students couldn't be better. "CEMBA students bring rich experience to the classroom," he says. "With their 15-20 years' experience, CEMBA students look at the MBA curriculum with a focus on application—they demand to know what will work in the practical world—what the connection is between what they study and what they do.

"An effective educational experience," Chervany notes, "involves a sound, well-designed course, a well-prepared and motivated faculty member, and a class composed of individuals actively involved in learning." Chervany emphasizes that, "if you approach teaching as if students are a vital part of that exchange, as a teacher you are likely to succeed."

He adds that he "likes to be involved in teaching and in research—either discovering knowledge or delivering it as part of an exchange in the classroom. These two activities working in concert make for the best of all possible worlds."

In addition to the CEMBA program, Chervany teaches in the day and evening MBA programs and is the faculty director for the Minnesota Executive Program (MEP), a continuing education program for upper-level executives. Chervany says that he applies the same active learning strategy to all his teaching and, not coincidentally, to his research.

"All my teaching and research activities are consistent," he says. "As a teacher I want to help students discover and apply new knowledge to actual managerial situations. As a researcher I'm interested in how individuals and organizations make use or misuse of available technologies—both physical technologies like computers and intellectual technologies like statistics. The main question is, how do we manage technological application to derive the greatest benefits? There's a big gap between the potential benefits to be gained from technology and its actual use either by individuals or by organizations. The question I ask is, in essence, the same one my students continually ask. What problem-solving aids are available, and how does a manager and an organization make the best use of them?" ■

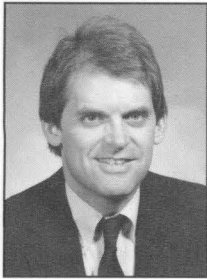
*Business, Ethics and the Environment*, by G. Enderle, B. Almond and A. Argandona, Quorum Books, 1990; "Business/University Partnerships," *Studies in Academic Ethics*, S. Cahn (ed.), Temple University Press, 1990; "Empowering People as an End for Business," in *People in Corporations*, by G. Enderle, B. Almond and A. Argandona, Kluwer Academic Publishers, 1990.

**Ehsan Feroz**, "Management Compensation, Insider Trading and Lobbying Choice: The Case of R & D," with R. Hagerman, *Australian Journal of Management*, 1990.

**Joseph Galaskiewicz**, "Inter-organization Contagion in Corporate Philanthropy," with R. Burt, *Administrative Science Quarterly*, 1991; "Making Corporate Actors Accountable: Institution Building in Min



## Faculty Profile



**Jim Gahlon**  
Teaching the experienced professional

Associate Professor of Finance Jim Gahlon has taught courses in the regular day and evening MBA programs and in the Carlson Executive MBA (CEMBA) program. He has taught seminars and workshops in the Executive Development Center (EDC), and he has served as a teaching consultant to numerous firms. Of all his teaching, Gahlon

views his EDC work as the most challenging. "That is," he says, "I worry about it the most. It's crucial that the subject matter we cover in EDC seminars has day-to-day relevance for managers. Those students are there to learn how to make better decisions. The same holds true, of course, for CEMBA students and regular MBA students. Whatever course I'm teaching, I try to propose a mix of current theory and proven applications."

No doubt the formula has proved successful. In his 15 years of teaching, Gahlon has won several teaching awards, including being named Teacher of the Year in 1980.

To be an effective teacher, Gahlon finds it crucial to "stay current in the field of finance, in both corporate finance theory and in practical issues. The challenge is to bridge the gap between the two by finding or developing cases that require a theoretical approach to solving actual problems." For this reason, Gahlon has written many of his own cases, based on the real problems that managers have brought to class.

"It's a difficult task to apply theory to real business problems," Gahlon says, "especially in a broad-based case course such as the one I have been developing for finance MBA students. In this age of specialization, it's very difficult for anyone to have an expert's grasp of the entire field of corporate finance."

Gahlon has been a mainstay in the EDC program for over 13 years, providing finance courses to a range of managers. In the CEMBA program, he has taught both required finance courses for the past six years. "Teaching in these programs," Gahlon says, "provides me with a 'reality check.' And it enhances my teaching in the regular MBA classroom; one kind of teaching informs the other."

His present research is focused in two areas. The first concerns using cash flow information to predict financial distress and corporate bankruptcy. In the second area, he and a colleague are studying the pricing of trade credit and attempting to build a theoretical model of trade credit limits. Gahlon has published articles in academic journals such as *Financial Management* and the *Journal of Financial and Quantitative Analysis*. He has also published his research in Robert Morris Associates' *Journal of Commercial Bank Lending*, whose readership consists of bank loan and credit officers across the country.

"I try to teach well and also keep active in research. I'm really happy with what I'm doing right now. I enjoy coming to work and I enjoy being in the classroom," he says. ■

neapolis - St. Paul," in *The New Institutionalism in Organizational Analysis*, by W. Powell and P. Paul, University of Chicago Press; "Networks of Inter-organizational Relations," with M. Mizruchi, *Sociological Methods and Research*, 1991.

**Don Harper**, "Just-in-Time and Inbound Transportation," with K. Goodner, *Transportation Journal*, 1990.

**Thomas Hoffmann**, "Eureka: A Hybrid System for Assembly Line Balancing," *Management Science*, forthcoming.

**Laurent Jacque**, "Premium Allocation and Risk Avoidance in a Large Firm," with C. Tapiero, in *Insurance: Mathematics and Economics*, forthcoming; "Towards an Expected Utility Paradigm for Foreign Exchange Risk Management: The Long and Short of

It," with P. Lang and C. Tapiero, in *Recent Developments in International Banking and Finance*, vol. 3, Probus Publishing, 1989; "Global Financing for MNCs: The Quest for Geocentric Advantage," with H. Perlmutter, in *International Strategic Management*, A. Neghandi and A. Savara (eds.), Lexington, 1990.

**Ravi Jagannathan**, "Ex-day Behavior of Japanese Stock Prices: New Insights From New Methodology," with F. Hayashi, *Journal of the Japanese and International Economies*, 1990; "Implications of Security Market Data for Models of Dynamic Economics," with L. Hansen, *Journal of Business Economics*, forthcoming.

**Deborah Roedder John**, "Children's Use of Perceptual Cues in Product Categorization," with M. Sujan, *Psychology and Marketing*, special issue, 1990.

**David Kelton**, review of *Principles of Random Variate Generation*, by John Dagpunan, *SIAM Review*, 1990.

**Alfred Marcus**, "The Causes and Consequences of Management Buyouts," with I. Fox, *Academy of Management Review*, forthcoming; "EPA's Organizational Structure," *Law and Contemporary Problems*, forthcoming.

**John Mauriel**, "An Examination of the Factors Affecting Stakeholder's Assessment of School Decentralization," with R. Jenni, *Journal of School Business Management*.

**Ivan Ross**, "Consumer Response to Service Failures: Influence of Procedural Fairness Perceptions," with C. Goodwin, *Journal of Business Research*, forthcoming.

**Paul Sackett**, "Development and Monte Carlo Evaluation of Meta-Analytic Estimators for Correlated Data," with L. Roth, *Psychological Bulletin*, forthcoming.

**Roger Schroeder**, "The Process of Manufacturing Strategy: Some Empirical Observations and Conclusions," with J. Anderson and G. Cleveland, *International Journal of Operations and Production Management*, forthcoming.

**Allan Shocker**, "Substitution in Use and the Role of Usage Context in Product Category Structures," with S. Ratneshar, *Journal of Marketing Research*, 1991; "Consideration Set Influences on Consumer Decision-making and Choice," with M. Ben-Akiva, B.

Boccarda and P. Neginadi, *Marketing Letters*, forthcoming; "The Effect of Design and Estimation Program on Conjoint Utility Limits: A Comment," with R. Johnson and D. Wittink, *Marketing Research*, forthcoming.

**Michael Stutzer**, "Adverse Selection and Mutuality: The Case of the Farm Credit System," with B. Smith, *Journal of Financial Intermediation*, forthcoming.

**James Wetherbe**, "The Adoption of Spreadsheet Software: Testing the Innovation Diffusion Theory in the Context of End-User Computing," *Information Systems Research*, forthcoming; "Executive Information Requirements: Getting It Right the First Time," *MIS Quarterly*, 1991.

## NEW EDITORIAL APPOINTMENTS

**Richard Cardozo**, to the editorial board of the *International Journal of Entrepreneurship, Innovation and Change*.

**Ehsan Feroz**, ad hoc reviewer for the *Accounting Review*.

**Laurent Jacque**, to the editorial board of the *Journal of International Financial Management*.

**Deborah Roedder John**, to the editorial review board of the *Journal of Marketing*.

**Inder Khosla**, to the editorial advisory board of *Computers and Operations Research*.

## HONORS, AWARDS AND ACTIVITIES

**Gordon Davis** was appointed to the International Advisory Board of the Information Management Research Centre at Nanyang Technological University, in Singapore. He has been reappointed external examiner in information systems at the National University of Singapore.

**Gerardine DeSanctis** received the Best Paper Award at the 1991 Hawaii International Conference on Systems Sciences for "Using Computing to Improve the Quality Team Process: Some Initial Observations from the IRS - Minnesota Project," with M.S. Poole, H. Lewis and G. Desharnais.

**Ehsan Feroz** has been listed in *Who's Who in American Education*.

**Laurent Jacque** spent five months in Bangkok, Thailand, as the Chin Sophonpanich Research Professor in the faculty of Commerce and Accountancy at Chulalongkorn University, 1990.

**David Kelton** was a visiting associate professor in the Department of Industrial Engineering at the University of Wisconsin, Madison, in the summer of 1990. He also organized and chaired the panel discussion, "Alternative Approaches for Specifying Input Distributions and Processes" at the 1990 Winter Simulation Conference.

**Allan Shocker** has been appointed vice president of academic affairs for the Product Development and Management Association. He is on the program committee for the Attitude Research Conference, program chair of the Advanced Techniques in Marketing Research Forum of the American Marketing Association, and program co-chair for the Brand Equity Conference, Marketing Science Institute.

## PRESENTATIONS AND WORKING PAPERS

**Avner Ben-Ner**, "Entry of New Firms in Reforming Socialist Economies," at a seminar on Romania's Transition to a Market Economy in Bucharest; "An Empirical Investigation of the Joint Determination of the Size of For-Profit, Non-profit and Governmental Sectors," Conference on Public vs. Private Enterprise, University of Liege; "The Provision of Mixed Goods: Markets, Contracts, and Consumer Control," ASSA Meetings; "On the Effects of Employee Ownership: A New Conceptual Framework and a Review of the

Evidence," ASSA Meeting; "Buy-out in a Bargaining Game with Asymmetric Information," ORSA/TIMS annual meetings.

**Mike Bognanno**, "Growth of America's Non-union Business Sector," to the Korean Employers' Federation 14th National Management Symposium; "An Economic Account of Declining Union Membership Density in the U.S.," at the Korean Development Institute.

**Richard Cardozo**, "New Business Strategies: An Exploratory Examination," at the Global Conference on Entrepreneurship, with J. Mullins, P. Reynolds and B. Miller; "Entrepreneurial Recycling of Economic Resources: An Expansion of Schumpeter's 'Creative Destruction' and Empirical Evidence," with J. Bailey, P. Reynolds and B. Miller, at the 11th Annual Babon Entrepreneurship Conference.

**Gordon Davis**, "Management of Knowledge Work," at the Williamson Symposium at Youngstown State University.

**Gerardine DeSanctis**, "Linking People Through Technology," at Rice University.

**Victor Devinatz**, "An Alternative Trade Union Strategy to the Institutionalization of Collective Bargaining: Lessons from the UAW Local 6 and the FE, 1946-1952," at the University College Labor Education Association Midwest-Southern Regional Conference.

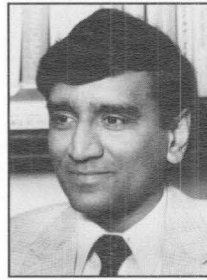
**Ehsan Feroz**, "Market Segmentation and Incentives for Quality Financial Reporting: The Case of Municipal General Obligation Bonds," with E. Wilson, at the Accounting Workshop of California State University.

**Deborah Roedder John**, "Measuring Children's Preferences: When Actions Speak Louder Than Words," at the American Marketing Association's Attitude Research Conference.

### Faculty become mentors for minority students

Seven Carlson School faculty members are currently serving as mentors to students under the President's Distinguished Faculty Mentor Program. This program links minority students of high academic ability with distinguished faculty members who serve as role models for personal and professional growth and assist the students in meeting the intellectual challenges of an academic career. Faculty who are involved in the program this year are Fred Beier, Gordon Duke, Ehsan Feroz, Ravi Jagannathan, Mary Nichols, Bob Ruckert and Orville Walker.

## Faculty Profile



### Balaji Chakravarthy Teaching the experienced professional

Balaji Chakravarthy, associate professor of strategic management and organization, is this year's winner of the Rosebowl Award for teaching excellence in the Executive Development Center (EDC). It's not the first teaching award he's won, including the Anvil Award that he won in 1988 at the Wharton School, where he taught before joining the Carlson School. While he clearly enjoys teaching, Chakravarthy emphasizes that, "Teaching and research are intertwined. A good teacher also has to be a good researcher; otherwise, you're quickly found out as a purveyor of second-hand information.

"In any executive program, like the Carlson Executive MBA or those run by the EDC, participants take time off from important responsibilities at work to attend classes with the hope that these can provide fresh insights into their problems. They're not in the program to get a recycled view of some other expert's theories. They come here to interact with experts at the Carlson School and to partake of our own leading-edge research and classroom materials."

However, blending research and executive teaching is not easy. The rewards in the business academy are still slanted toward discipline-driven research that does not automatically help address management problems. Chakravarthy explains, "Managerial problems are often cross disciplinary in nature, so the participating faculty has to stretch beyond its narrow disciplinary roots."

The dilemma Chakravarthy has outlined is one that every management educator is aware of: beginning professors must prove their worth as focused researchers before they can hope for tenure. But the years spent engaged in specialized research can militate against the wider vision required for effective teaching. Chakravarthy says, "You won't find many senior professors who believe that teaching is unimportant; however, you also won't find many assistant professors who aren't well aware that the only way to reach the senior level is through proven research ability in a particular subject area. Unfortunately, the progressive broadening of an assistant professor's vision is often not accomplished. The academic reward system continues to encourage narrow specialization in a discipline over broader problem-driven research, even in the post-tenure phase.

"And yet," Chakravarthy cautions, "if we cannot complement research excellence with teaching excellence at the school, we will find it increasingly difficult to compete for that scarce executive wall space that is reserved for a management diploma."

**Alfred Marcus**, "Assessing Organizational Safety in Adapting Learning Systems: Empirical Studies of Nuclear Power," with **Mary Nichols**, at the Probabilistic Safety Assessment and Management Conference.

**John Mauriel**, "From Vision to Strategy," to the national meeting of the American Association of School Administrators.

**Allan Shocker**, "Substitution in Use," at the University of North Carolina, Cornell University and

Dartmouth College; "Brand Equity," with R. Srivastava, at the University of Pittsburgh.

**Mahmood Zaidi**, "Some Reflections on the Macroeconomic Theories of Unemployment in the North American Context," the Presidential Address at the annual meeting of the North American Economic & Finance Association.

*The Faculty Profiles on pages 22-24 were written by David Pink.*

# Alumni Opinion Survey

## Results of the first MMR Alumni Opinion Survey are in Federal plan to reduce U.S. deficit not good enough, alumni say

Results of a recent survey show that Carlson School alumni hold out little hope that the new federal deficit budget plan, which took effect on January 1, will achieve its goal. Although 62.2 percent support the plan in whole or in part, 62.7 percent feel that it will be only minimally effective or won't have any effect at all. Furthermore, almost half of the respondents say that Congress did not do a good job in working out a solution to the deficit problem, and most of the remaining respondents say Congress could have done a better job. Only 3.2 percent think Congress did a good job.

As far as specific parts of the plan are concerned, a large majority favor increased gasoline and air travel taxes, but alumni are divided on the income tax increase.

The survey, which was mailed January 4, is the first of a series of opinion polls that will be conducted for the MMR to give you some insight into how other alumni feel about current issues. Of the 597 surveys that were sent out, 217 were returned. Among those who responded, 171 (78.8 percent) said they were married and 45 (20.7 percent) said they were single. There were 157 (72.4 percent) male respondents, 37 (17.1 percent) female respondents and 23 (10.6 percent) who didn't indicate gender. The age of 27.2 percent of the respondents was under 35; 37.3 percent were between 35 and 49; 20.3 percent were between 50 and 65; and 15.2 percent were over 65.

The questions and their responses, given in percentages, follow.

1 To what extent do you support or oppose the new budget plan worked out by Congress that takes effect on January 1, 1991?	Under 35		50-65	Over 65		Male		Female	
	35-49								
Strongly support the plan	6.8	9.9	15.9	9.1	13.4	2.7			
Support in part	69.5	45.7	43.2	48.5	53.5	56.8			
Oppose significant portions	13.6	27.2	20.5	15.2	17.2	21.6			
Strongly oppose the plan	0.0	3.7	11.4	18.2	7.6	2.7			
Not sure	10.2	12.3	9.1	9.1	8.3	13.5			

2 How effective do you think the new budget plan will be in solving the federal deficit problem?	Under 35		50-65	Over 65		Male		Female	
	35-49								
Is a substantial, long-term solution	1.7	0.0	0.0	3.0	1.3	0.0			
Is a good start on solving the problem	35.6	27.2	29.5	21.2	29.9	32.4			
Will have only a minimal effect on the problem	40.7	45.7	50.0	36.4	40.8	43.2			
Won't solve the problem at all	10.2	21.0	18.2	30.3	21.0	10.8			
Not sure	11.9	6.2	2.3	9.1	7.0	13.5			

3 Do you think Congress worked as hard as it could to work out a good solution to the budget deficit problem?	Under 35		50-65	Over 65		Male		Female	
	35-49								
Did a good job	0.0	6.2	0.0	6.1	3.8	2.7			
Could have done better	59.3	45.7	40.9	39.4	45.2	62.2			
Did not do well	40.7	48.1	59.1	54.5	51.0	35.1			

4 Do you favor or oppose the following parts of the newly proposed budget plan?	Male		Female		Male		Female	
	Favor	Oppose	Don't know					
Gasoline tax increase	79.6	62.2	19.1	29.7	0.6	5.4		
Air travel tax increase	56.1	62.2	32.5	27.0	10.9	8.1		
Income tax increase	47.8	45.9	49.7	51.4	2.5	0.0		
Additional Medicare funding	39.5	43.2	36.3	18.9	22.9	35.1		

5 How will the new tax laws affect your income taxes?	Married		Single	
	Will increase my taxes	83.0	82.2	
Will decrease my taxes	1.8	4.4		
Will have no effect	15.2	13.4		

6 If it will increase your taxes, by how much?	Married		Single	
	Less than \$500/year	22.2	28.9	
\$500-\$1,999/year	29.8	28.9		
\$2,000-\$9,999/year	17.0	6.7		
\$10,000-\$29,999/year	1.8	0.0		
Don't know	13.4	17.8		
No response	12.3	17.8		

7 What effect, if any, will the new budget plan have on your spending and savings habits? (Respondents could check multiple responses).	Percentage	
	Decrease savings	69.0
	Decrease spending	43.8
	Increase savings	8.3
	Increase spending	2.3
Don't know	37.3	

## CEMBA Alumni Chapter enjoys busy first year

The Carlson Executive MBA (CEMBA) Alumni Chapter, which was formed at the beginning of 1990, has had a busy year of programming and is looking forward to its second year.

CEMBA alumni, current students, faculty and staff celebrated their first holiday party at the Radisson Metrodome Hotel in December. Alumni provided the entertainment with a holiday carol sing. Strategic management and organization Professor Bruce Erickson played Santa Claus, and finance Professor Jim Gahlon led the group in the Golden Gahlon Award Original Song, sung to the tune of the Battle Hymn of the Republic. All agreed the holiday party should be an annual event.



Finance Professor Jim Gahlon led CEMBA alumni and students in the Golden Gahlon Award Original Song at the first annual CEMBA Holiday Party.

In January, strategic management and organization Associate Professor Alfred Marcus presented a case study and discussion on "Business and the Natural Environment: Challenges and Opportunities."

The CEMBA Alumni Spring Program will be a breakfast program, on April 23.

Judith Lange, '89 CEMBA, who has been serving as chairperson of the CEMBA Alumni Chapter, will step down on May 6, when election of new officers will be held. This is the date of the Steering Committee Meeting, at 5:30 p.m. in 214 Management and Economics Building. All those wishing to nominate candidates and vote in the election should attend.

## From the president: Alumni Council news

Carlson School Alumni Council President John Bergstrom reports that several alumni events are being planned for this spring. Two major seminars will be held—"Careers and the Recession" in April and "Focus on the Mall of America" in May. The details for these seminars are still being worked out, and will be sent to alumni in a special mailing.

The Alumni Council has also announced plans to begin a quarterly Alumni Luncheon Series featuring prominent community leaders as speakers. The first luncheon is tentatively planned for May at the Alumni Club, in the IDS Tower. Look for details in local newspapers and alumni mailings.

In other news, Bergstrom announced that Spence Morley, '87 MBA, has been elected council member and co-chair of the Programs and Services Committee. Morley is president and CEO of St. Paul Seed

Capital Corporation, a venture capital fund focused on investment opportunities in the St. Paul/East Metro area of the Twin Cities.

The Alumni Council is the school's official alumni organization for BSB, MBA and Ph.D.-Business Administration graduates, and is affiliated with the Minnesota Alumni Association. Alumni volunteers work on five committees to provide programs and services to alumni, current students and the school.

This year's Alumni Council president is John Bergstrom, '85 MBA, vice president of Cherry Tree Ventures, a Twin Cities-based venture capital firm that invests in a wide range of high-growth businesses, with a focus on Minnesota companies.

For more information about the Alumni Council, contact Bergstrom at (612) 893-9012 or Jeanne Katz, director of Alumni Relations, at (612) 625-1556.

## Welcome to new Presidents Club members

The Carlson School is proud to announce the following new members of the Carlson School chapter of the University of Minnesota Presidents Club:

**Mr. and Mrs. Alan M. Struthers.** Alan Struthers, '36 BA/BS, is retired vice president of Investments at Security Life Insurance Company of America. He and his wife live in Minneapolis. Their gift is an unrestricted contribution to the Carlson School.

Presidents Club members contribute at least \$1,000 a year for ten years, or give a minimum deferred gift of \$25,000. Members receive a plaque in recognition of their gifts and their names are inscribed on a plaque in the lobby of Northrop Auditorium. They are recognized throughout the year at special University of Minnesota and Carlson School Presidents Club events.

Thank you and congratulations to our new members.

## 1920 - 1929

**Carl Adler**, '24 BSB, past president of the Big Ten Alumni of Northern California, passed away on August 15, 1990 in Oakland, Calif. He had been retired from the commercial engineering area at Pacific Bell.

## 1940 - 1949

**Kenneth D. Simon**, '47 BBA, writes that he is now chairman emeritus of Air Conditioning Co. Inc. (ACCO), in Glendale, Calif., where he served as president and CEO from 1966 to 1985. He and his wife have two children and two grandchildren.

## 1950 - 1959

**Duane Kullberg**, '54 BSB, was elected to the newly created position of vice-chair of the University of Minnesota Foundation Board of Trustees. He is former managing partner and CEO of Arthur Andersen & Co. He received the university's 1990 Outstanding Achievement Award.

**James R. Spicola**, '54 BSB, president and chief operating officer of Cargill Inc., Minneapolis, passed away on January 29, 1991, after a long battle with cancer.

**Frank Subak**, '54 BSB, passed away on December 23, 1990.

## 1960 - 1969

**James Campbell**, '64 BSB, president and CEO of Norwest Bank Minnesota, has been elected treasurer of the University of Minnesota Foundation Board of Trustees.

**Bruce Farrington**, '62 BSB, has been named president of Edina, Minn.-based First American

## Alumni Profile



Photo by Jim Wright

**Jane Foreman**, '80 BSB, '82 MBA  
Chicago-Area Alumni Chair

Eight years ago Jane Foreman moved from Minneapolis to Chicago to work for Teradyne, a manufacturer of automatic test equipment for the telecommunication and semiconductor industries. "I was a little nervous, but I wanted the change," she says. "I like it a lot more than I thought I would."

In fact, Foreman loves living in Chicago. "There are so many different things to do and places to go—sporting events, restaurants, the ballet, plays, the lake; just the pulse of living downtown is fun," she says. "It's very different from Minneapolis."

She also enjoys her job, and is pleased to find herself at the same company after eight years when many of her friends have changed companies two or three times. As national account manager, she explains that her job is "to bring the voice of the customer back to Teradyne." Not traditional selling, her work requires a lot of strategic selling and marketing.

Although Teradyne "is very good to their people," allowing them "to try new things, to stretch and grow," Foreman says it was tough in the beginning. High-tech industrial companies have traditionally been engineering-led rather than marketing-led, she explains. "I had to do a lot to gain internal credibility and trust, and convince people we needed to understand what customers needed, not what we thought they needed. It's taken time, but it's happened."

Foreman still feels a strong investment in the Carlson School and has volunteered to be the area chairperson for alumni in Chicago. "I want to bring more of what's going on at the Carlson School to the folks here," she says, "and I think we could raise more money for the school."

Foreman also hopes alumni can be helpful to current students, especially during recruiting time. She says there are quite a few Carlson School graduates in Chicago, and it has "been fun and beneficial" when they have gotten together the last couple of years. She expects they will begin by expanding their annual fall cocktail hour to an evening with a formal talk and also add a social event in the spring.

If you want to get in touch with Jane, call her at work at (708) 940-9000, ext. 3343, or at home at (708) 705-6970. ■

Consultants Inc., a medical care consulting firm. Bruce was previously chief financial officer of Volunteers of America/Health Services.

**Rollie Glessing**, '68 BSB, has moved to Commercial State Bank in St. Paul. In May he will be opening and managing the bank's Minneapolis branch.

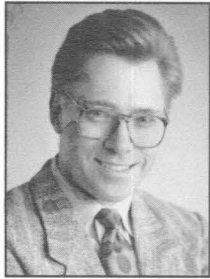
## 1970 - 1979

**David Aune**, '78 BSB, recently accepted a position as chief operating officer with the law firm of Maun and Simon, in St. Paul. He was previously with Cowles Media, parent company of the Star Tribune.

## Area Alumni Chairs named

The Alumni Profiles in this issue of the *MMR* introduce you to three alumni who have volunteered to serve as area alumni chairs for the New York, Chicago and San Francisco-Bay areas. They will be working with the Alumni Office at the Carlson School to organize activities and help alumni in those parts of the country get in touch with each other. They invite you to give them a call and share ideas on bringing the Carlson School closer to you.

## Alumni Profile



**Tom Hammer '87 MBA**  
Bay-Area Alumni Chair

As an MBA student, Tom Hammer did not have in mind a move to the Bay Area. But when Tandem Computers came to recruit at the Carlson School—they had heard about the school's MIS reputation, Hammer says—"it was the best fit."

Tandem Computers, a leading company in fault-tolerant mainframe computers, gave Hammer an opportunity to use his marketing background and work in management information systems. He is now a project leader in the Management Information Systems Department for the U.S. Sales Division, supporting 1,500 people in 100 offices across the country.

After starting as a programmer on the mainframe, he has been an information systems analyst for the last two years. He says putting more emphasis on quality analysis has been a challenge. An emphasis on the technical aspects of computers and on programming "is part of the culture," he explains. "But what is also important, and can get neglected, is thinking about underlying business processes and the best way to automate tasks."

The move to the Bay Area has been good for both Hammer and his wife, Laura, also a graduate of the Carlson School, who works for Intel Corp. "Business opportunities for women are substantially better in the Bay Area than in Minnesota," Hammer notes. "The Midwest is more tradition-bound. Things are just wide open here. It's a young area and advancement is rapid."

Friendly and forthcoming, Hammer seems "a good fit," too, for the job of area chairperson for alumni in California, and has been considering how alumni in the area might come together. He says, "Frankly, I think it's going to be a challenge to pull people together. People from the University of Minnesota are not tightly woven . . . not group-oriented." Still, he adds, "I think it's something that should be explored."

He says an area alumni group could "definitely be a forum for networking," and thinks they may get together at receptions in association with recruiting and faculty and staff visits.

"If people think get-togethers with a Carlson School orientation would be interesting, give me a buzz," he says. His number at work is (408) 285-1925. ■

**Thomas Helling**, '74 BSB, '76 MBA, recently presented "Chukotka—The Soviet Far East" to the honor roll of donors of the American Lung Association. He was one of 15 Americans to tour the region with Paul Schurke, Arctic explorer.

**Nick LaFontaine**, '70 BSB, '88 MBA, served as acting senior vice president for finance and operations at the University of Minnesota after Gus Donhowe's death on January 19, through mid-March.

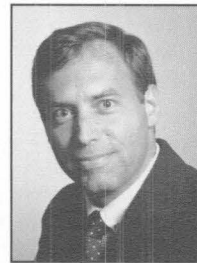
**Steven Laible**, '71 BSB, a partner in the Minneapolis office of KPMG Peat Marwick, has been elected president of the Minnesota Industrial Development Association.



*Steven Laible*

**Steven A. Larson**, '78 MAIR, is compensation and benefits manager for the Star Tribune, in Minneapolis.

**Charles H. Meyer**, '74 BSB, is senior director of tax research and planning for Northwest Airlines, in St. Paul. Charles will receive the Robert Beyer Gold Medal for achieving the highest score in the United States on the June 1990 Certified Management Accounting exam. He received the Elijah Watt Sells Gold Medal in 1974 for the highest score in the nation on the CPA exam.



*Charles Meyer*

**William (Mike) Newell**, '75 BSB, director of the electrical systems department with the Navy Shipyards Control Center, has recently been promoted to commander. He will soon be transferred to the Industrial College of the Armed Forces in Washington, D.C.

**R.A. Patterson**, '75 Ph.D.-IR, is no longer a member of the Manitoba Legislative Assembly, in Winnipeg, and has retired.

**Eldene (Griebenow) Rosenwinkel**, '79 BSB, is products manager for Legend Technologies in Minneapolis.

**Jim Rustad**, '72 MBA, has been named assistant manager and associate vice president/investment officer at Dain Bosworth Inc., St. Paul. Prior to joining Dain Bosworth, he was a financial consultant for Merrill Lynch. He has also practiced corporate and real estate law.

**Dennis Tveten**, '72 BSB, '78 MBA, has been named group vice president of marine systems by Alliant Techsystems Inc., of Edina, Minn. Tveten was formerly vice president of Honeywell's marine systems group.

## Give us your news by fax!

Use the form in the *MMR* or type complete information on a separate piece of paper, and send it in care of Jeanne Katz, director of Alumni Relations.  
**(612) 624-6374**

## 1980 - 1989

**Todd Anderson**, '86 BSB, '87 MBA, is a functional analyst for the State of Minnesota, in St. Paul. He is also a second-year law student at the William Mitchell College of Law.

**Jane Oas Benson**, '80 MBA, was inducted into the Golden Gopher Women's Athletic Hall of Fame. She was instrumental in establishing the women's track and field team at the University of Minnesota. She competed in the 1972 and 1976 Olympic trials and was a 1976 USTF All-American with three top-ten finishes. She still holds seven Gopher track records. She is married to Carlson School faculty member George Benson and has three children. From 1980 to 1984, she worked in marketing at National Computer Systems.



*Jane Oas Benson*

**Steve Bloomquist**, '86 MBA, is a financial analyst for Super Valu Stores Inc., in Minneapolis.

**Tracy Brunnette**, '88 BSB, is the owner of T.A.B. Accounting, which she started in January. Tracy and her husband, Jim, have two sons, Matthew, 4, and Benjamin, 1. They live in St. Paul.

**Scott A. Etnyre**, '85 BSB, is a sales representative for Cellular One in Pittsburgh, Pa.

**Mike Feehan**, '79 BSB, '84 MBA, has recently been promoted to manager for international financial planning and analysis at Federal Express in Memphis, Tenn. He was formerly a project administrator in the corporate strategic planning group.

**Christopher J. Foreman**, '89 MBA, is working with Foreman and Clark Inc., in St. Paul.

**Paul J. Gam**, '84 BSBA, vice president for finance at U.S. Communications Corp., Minneapolis, has been appointed the official liaison to the Asian-Pacific community by the Minnesota Governor's transition office.

**Tracy (Braun) Heider**, '88 BSB, is an on-premise sales manager for the Pepsi-Cola Co. in Salt Lake City, Utah. She is currently working at home as a consultant for the company and taking care of her eight-month-old son, Michael.

**Susanne Sebesta Heimbuch**, '81 BSBA, has been named manager for corporate and investor relations at Metropolitan Financial Corp. in Minneapolis.

**Debra Hovland**, '88 BSB, and **Doug Dorow**, '88 MBA, were married on December 22, 1990. They met at Business Day 1988, and although both had been working on Business Day committees for months, they were only introduced while serving as greeters. Debra works for Deloitte Touche, and Doug has moved from Anheuser Busch, in St. Louis, to a job with Minnegasco in the Twin Cities.

**Tim Howard**, '88 MBA, is a product manager for Empi Inc., in St. Paul.

**Mansour Javidan**, '83 Ph.D., has accepted a position as professor of strategic management at the University of Calgary, in Alberta, Canada.

**Mary A. Kastorff**, '83 MBA, is director of quality assurance/utilization review at the University of Wisconsin Hospital and Clinics in Madison, Wis.

**Caroline M. Koepf**, '88 BSB, has passed away.

**David Lecander**, '85 BSB, is an investment analyst for the Board of Pensions of the Evangelical Lutheran Church in America, in Minneapolis. He recently received his MBA from the University of Chicago.

**Michelle Leclerc-Rothman**, '89 BSB, is a technical consultant in information systems for Burlington Northern Railroad in St. Paul. She was married to **Joe Rothman**, '89 BSB, in September 1990. Joe is a sales representative for Haldeman-Homme, in Minneapolis.

**Todd Lifson**, '85 BSB, is a CPA and senior associate at Coopers and Lybrand in Minneapolis.

**Janet Manguson**, '87 BSB, has recently been transferred to the San Francisco area as district sales representative for Wisconsin Tissue. She is a two-time recipient of the company's Million Dollar Sales Award.

**Mark Olson**, '82 BSB, is a commercial airline pilot for United Airlines in Denver, Colo.

**Sabine Phillippe**, '84 MBA, is a project manager for Digital Equipment Corporation in Petit Lancy, Switzerland.

## Alumni Profile

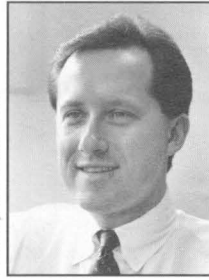


Photo by Jeff Christensen

### George Golub '87 MBA New York-Area Alumni Chair

George Golub, who took a job with Dean Witter Reynolds in New York after graduating from the Carlson School, isn't afraid to tell a good story about himself.

He showed up late his first day of work, he says, because, when he calculated his commuting time, he forgot to allow for rush-hour traffic. After a late train, a slow subway, and a wall of people as thick as cars waiting at a freeway entrance, he rushed into his office. Chagrined, he began to explain himself to his new boss, who just leaned back, smiled, and said, "Welcome to New York."

Nevertheless, New York has been good to Golub. Not only does it suit his personality, he says, but the environment is right for taking risks. "My growth within Dean Witter may not have occurred in a more conservative environment," Golub comments. "They're willing to take chances."

Golub started as a financial analyst and in a little over a year moved into a managerial role. He is now assistant vice president of financial planning and control. He credits his bosses with having a lot of faith in him and allowing him substantial independence—a high priority for Golub. "I have a set idea of what I want to do. I don't feel comfortable with someone looking over my shoulder. I learn best when given the opportunity to work through new challenges on my own," he explains.

Golub recently agreed to be area chairperson for alumni in New York. He thinks it's important for the school to take fuller advantage of out-of-town alumni. "One of the Carlson School's goals is to become a nationally known school. To do that, it needs a strong national alumni association."

Golub also hopes to encourage alumni to make an impact on the school's programs by staying involved. "Curriculum continually needs to be updated," he explains. If, by staying involved, alumni improve the school, their degrees become more valuable, he notes.

Being area chairperson is a job he wants to do for the students' sake, too. "I know what it was like as a student," he says. It is helpful for them to have up-to-date contacts to ask about the job market, living conditions, and so on.

Golub plans to contact alumni in the New York area, and encourages them to contact him as well. His telephone number at work is (212) 392-6470. ■

## '86 MBA Class Reunion—June 7-9, 1991

"Official" reunion event on Saturday evening, June 8  
Informal gatherings throughout the weekend

Activities are being planned by the '86 MBA Reunion Committee, which includes Paula Lubotsky, Andy Naber, Dan Marcotte, Karen Marinovich and Colleen Wheeler.

**Complete information** will be sent in early March to '86 MBA graduates for whom we have good addresses. Those who don't hear from us should contact Colleen Wheeler at (612) 227-7376 (work), (612) 222-3661 (home), P.O. Box 65875, St. Paul, MN 55165.

**Roger Redmond**, '84 MBA, has recently been promoted from vice president to managing director at Piper, Jaffray and Hopwood, Inc., in Minneapolis.

**Jim Ruid**, '87 BSB, has joined Systec as manager of sales in the St. Anthony area of Minneapolis. Jim had a great summer traveling through the Southwest and Mexico.

**Paul Schroeder**, '89 MBA, has joined Ramsey County as a management analyst.

**Dorothy Serdar**, '85 BSB, is senior vice president and director of operations for Otis Spunkmeyer Inc., in San Leandro, Calif.

**Michael J. Solender**, '83 MAIR, has recently accepted a new position as corporate human resources manager for Pioneer Electronics USA Inc., in Long Beach, Calif. He spent three weeks in Indonesia last fall.

**Jeanne M. Voigt**, '81 MBA, is president and owner of Mindware, in Minneapolis. Jeanne left her position as president and CEO of the FBS Brokerage Services after an eight-year tenure with First Banks. Her store in the Uptown area of Minneapolis carries products for the development of the mind and relaxation. She urges everyone to stop by.

**Patrick T. Welch**, '89 BSB, is in the pilot training program in the U.S. Air Force. He is engaged to be married next fall to Cheryl Warning.

**Atlee Wong**, '89 BSB, is currently employed at The Pillsbury Co. as a senior transportation pricing analyst, in Minneapolis.

**Dilek Yeldan**, '88 Ph.D., is an assistant professor in the Department of Management at Bilkent University in Ankara, Turkey.

## 1990

**Debra Brummer**, '90 MBA, has accepted a position in New York as merchandiser for shoes and accessories for J. Crew.

**Christine Kay Haiff**, '90 MBA, is director of nursing at St. Elizabeth's Health Care Center in Wabasha, Minn., and is taking classes toward an administrator's license.

**Kevin Herkenhoff**, '90 BSB, died of a heart attack this winter. As a student, Kevin was active on the Business Board and a member of SAM. He was honored this year with a President's Leadership Award. He pursued these activities and his

studies while undergoing treatment for cancer. This fall, Kevin seemed to be recovering and registered with the Placement Office. He was 23 years old when he died.

**Nancy Johnson**, '74 BSB, '90 MBA, is an assistant professor in computer studies at Metropolitan State University in Minneapolis. She is also in her tenth year as an instructor in MIS for University of Minnesota extension classes.

**Gary Olson**, '90 CEMBA, passed away on February 12 after a long battle with cancer. While a CEMBA student, his classmates videotaped class sessions and set up speaker telephones in his home so that he could continue with the CEMBA program and graduate on time. His classmates read a tribute to him at his funeral.

**Don Rylander**, '90 MBA, is a programmer analyst for the Burlington Northern Railroad in St. Paul. Don and his wife, Jeanne, are the proud parents of a daughter, Sophie May, born on September 26, 1990.

**James Sapienza**, '90 MBA, is an administrative fellow for Sutter Health, a multi-hospital health care system in Sacramento, Calif.

**Mark Steen**, '90 BSB, is working as a financial planner for IDS Financial Services in Roseville, Minn.

**Ming Tang**, '90 MBA, is a computer system administrator for the Ford Motor Co. in Dearborn, Mich.

*The Alumni Profiles on pages 27-30 were written by Yvonne Pearson.*

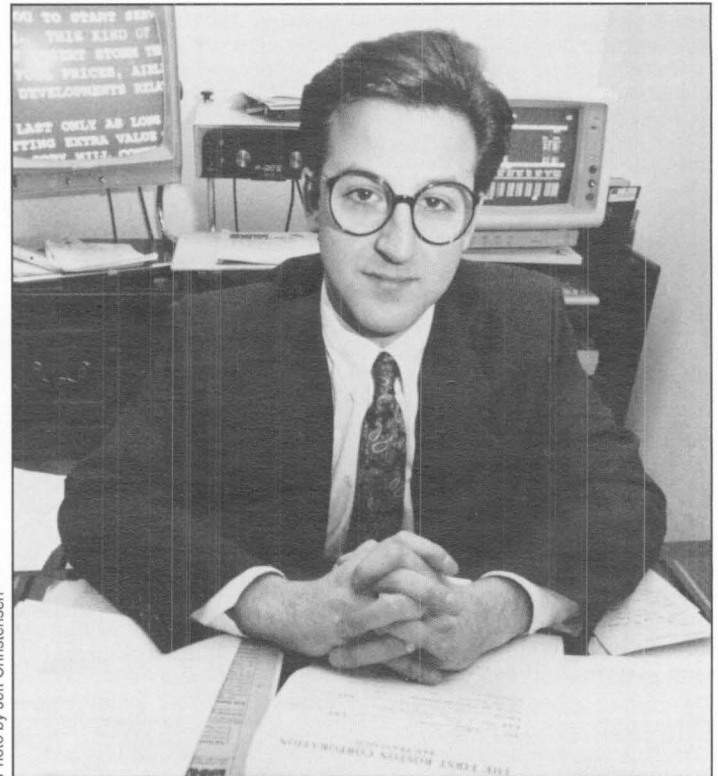


Photo by Jeff Christensen

*Paul Karos, '84 BSB, was profiled recently in the Star Tribune. Karos has been voted one of the nation's top three analysts for the airline industry.*

### Paul Karos profiled by the *Star Tribune*

The *Star Tribune* Marketplace section devoted its "Monday Profile" feature to Paul Karos, '84 BSB in finance, on February 11. Karos, a Wall Street securities analyst for First Boston Corp., was voted one of the nation's top three experts on the airline industry last fall in a poll by *Institutional Investor* magazine.

As the *Star Tribune* pointed out, his success at weeding through the fine print of airline financial statements is especially remarkable because Karos suffers from a genetic eye disease called retinitis pigmentosa, an inflammation of the retina that often leads to blindness. Karos has worked all his life to overcome his disability. He reads with the help of a machine that magnifies print and he memorizes financial statements. "Karos has spent his life focusing on what he can do, not what he can't, and what he can do is remarkable," said the paper.

Karos worked at Piper Jaffray part-time during college and full-time after graduating, and then joined L.F. Rothchild & Co. in New York in 1986. He began working for First Boston in 1988. He and his wife, Connie Kirk-Karos, live in Manhattan.



dire need of them. So is the education industry. I have already made numerous references to the banking and savings and loan industry, where large benefits would accrue from cleverly designed incentive structures.

But while theoretical work is proceeding rapidly, we are far from having a really powerful theory of incentive-information structures, like the theories of natural phenomena found in the natural sciences. With such a theory, we could begin to design really effective and efficient systems, like engineers. At present, the design of such systems in the real world is more an art than a science. For every successful incentive-information structure, there are many which are abysmal failures. Even the successful ones are the result of much trial and error, and not something designed in one fell swoop. A case in point is McDonald's Restaurants' brilliant "Quality, Service and Cleanliness" management control system, whose economic benefits are obvious. But merely installing expensive computer-based management information systems without thinking through how a company will support the incentive structures produces almost no benefits<sup>4</sup>, and may in fact hinder progress towards a more mature and sophisticated management control system that enhances productivity.

Nevertheless, research is already producing a deeper understanding of incentive-information structures, and there is an urgent need to start transmitting the accumulated knowledge to business school students—the managers of the future. Both the theory and hands-on experience in the design of such systems in practical real-world settings is needed.

I envisage a multi-media approach, making extensive use of state-of-the-art computer graphics, mathematical modelling (using software such as *Mathematica*), laboratory experimentation and simulation in this education, in addition to extensive training in mathematics, statistics, economics, psychology and computer science. The purpose of the graphics and simulation is to model the flow of information and resources in an organization, and to pinpoint the bottlenecks, problem areas and decision centers<sup>5</sup>. The technical tools are then brought to bear on eliminating these problems by designing powerful incentives and information support. Professor Datar, myself and other researchers are already constructing such integrative approaches to teach business students these vital skills.

In 1989, as chair of an ad hoc committee, I persuaded the Carlson School's Accounting Department to look at our management accounting curriculum, to see how we could provide a coherent, cohesive learning experience for stu-

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dents in the area of planning and control. At that time, and even now, there were no textbooks available that approached management control systems in a cohesive and focused manner.

As an outgrowth of this activity, last year I headed a task force comprised of Professors Banker, Kanodia and myself that completely overhauled the Carlson School's management accounting curriculum. Our new courses, especially Acct. 3001, 3201 and 5201, will emphasize the incentive-information structure philosophy and abandon the rote-learning of outdated accounting practices. The new courses are being developed from scratch and may later evolve into leading-edge textbooks. We also hope to coordinate our efforts with departments such as operations management, strategic management, information and decision sciences, and so forth, to provide an even richer learning experience for students.

Concurrently, Professor Datar and I are engaged in an ambitious research program with practical significance in both the theory and practice of incentive-information structures. Other groups of people are working along similar lines.

Within the next five years, I believe that an MBA degree with a concentration in management control systems will have the same level of technical expertise as an advanced engineering degree, but with a view towards making productive organizations efficient and dynamic, and fit for the technological millenium that is dawning upon us. ■

4 I would wager that almost every large thrift that went bankrupt over the last several years had state-of-the-art, multimillion-dollar management information systems.

5 This would be very similar to how aerodynamic flow and guidance systems are simulated on computers before even a nut or bolt is hammered into the plane or missile. For example, students may sit at terminals looking at a visual display of the configuration and flow of information and resources, and, as in a Nintendo-type game, receive answers to "what if" questions and make real-time decisions based on a solid understanding of the positive and negative effects of incentives. This kind of learning environment is, however, still some years away from full implementation.

# INFORMATION, PLEASE

Whenever you have a question about the Carlson School, alumni affairs or the university, we're only a phone call away.

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## UNIVERSITY INFORMATION

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# CALENDAR

## April

**10 Pillsbury Marketing Lecture.** Professor Gerald Zaltman, Univ. of Pittsburgh, will lecture on the use of market information. 3:30 p.m. Cowles Auditorium, Humphrey Center.

**25 MBA Executive Speakers Series.** Levio DeSimone, executive vice president, 3M, will present "Quality in Manufacturing." 5:00 p.m. Cowles Auditorium, Humphrey Center.



## May

**3 Breakfast with the Experts.** Lori Kirkland, quality consultant at IBM Rochester, will present "Continuing the Quality Journey: IBM Rochester." 8:00-9:30 a.m. Humphrey Center Dining Room. \$10. Call (612) 624-5525 to register.

**21 International Forum.** The topic will be "Trade with Mexico." Radisson Metrodome Hotel. 5:00 p.m. reception. 6:00 p.m. program. \$10 per person. Call (612) 625-1556 to register.



## June

**7 Breakfast with the Experts.** Stephen Sheppard, CEO of Foldcraft Co., will present "Corporate Risk Rating and Insurance Premiums: The Foldcraft Experience." 8:00-9:30 a.m. Humphrey Center Dining Room. \$10. Call (612) 624-5525 to register.

**7-9 Class of '86 MBA Reunion.** Formal and informal activities are being planned (see page 29 for details).

**9 Spring Commencement.** Northrop Auditorium. 5:00 p.m.

### Looking Ahead . . .

**September 21 Alumni Council Leadership Workshop.** Alumni volunteers meet to make plans for the coming year.

**October 10-12 Homecoming Weekend.** Watch for more information on reunions and other activities.

*For more information about these and other alumni programs, contact Jeanne Katz at (612) 625-1556.*



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Just as corporations and other organizations around the world use a special mark to visually represent their name, the Carlson School now has a distinctive new mark to call its own. This mark, or signature, presents a memorable image that will clarify and reinforce the school's name and personality at every opportunity.

Management schools operate in a sophisticated, competitive environment similar to that of the business world. To succeed, they need to be consumer-driven—students, faculty, employers, donors are all a business school's consumers. In keeping with this environment and with our goal of becoming one of the top five public management schools in the country, we felt that a distinctive new signature would help the Carlson School stand out in the crowd.

The signature suggests some of the characteristics that embody the school's spirit and commitment: a rigorous, intense academic environment; bright students; outstanding faculty; a sophisticated, competitive atmosphere; and a long-standing tradition of excellence. A torch is an internationally recognized symbol of education. For the Carlson School, the torch is defined by the letter C, which reinforces the school's name.

You will be seeing this new mark on many of our promotional materials. We hope that when alumni, students, faculty and all other friends of the school see the Carlson School signature, they will feel a sense of pride, and that it will be seen as a mark of distinction by all.

Photo by Jim Hansen

## Minnesota Management Review

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# MMR

Minnesota Management Review

Summer 1991



Working  
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Page 4.

John Kleber

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# MMR

## Minnesota Management Review

### 2 David S. Kidwell Is New Carlson School Dean

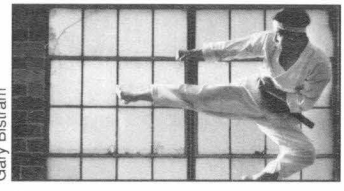
The Carlson School will have a new dean on September 1: David S. Kidwell, currently dean of the business school at the University of Connecticut. In his last "From the Acting Dean" column, Tim Nantell looks back at the past three years and welcomes Dr. Kidwell to the school.



John Kleber

### 4 Cover Story: Working Smarter with Information Technology

Helping the harried worker and improving the bottom line: Carlson School faculty talk about their research findings in the areas of information sharing, computer-assisted group decision making, expert systems, managing for knowledge-worker productivity, and making computers easier to use.



Gary Blisram

### 9 A Man to Watch

Paul Gam, '84 BSB, is senior vice president at U.S. Directives, a crisis management consulting firm. He's also a trained classical musician, an active community volunteer, a family man and a black belt in karate.

### 12 Once and Future Economies

Visiting professors from France, Germany and the USSR describe economic developments in their home countries.

### 14 As I See It: Hiring Honest People

Industrial Relations Professor Paul Sackett advises employers on the extent to which pre-employment integrity testing can help combat employee theft.

### 16 Ideas

A summary of thoughts on the spirit of entrepreneurship from Business Day 1991.

### 18 In Your Opinion

Results from a survey of alumni on national energy policy.



Tom Foley

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**Faculty Update ..... 22**

**Alumni News ..... 25**

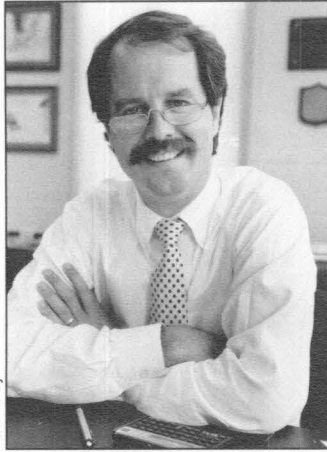
The *Minnesota Management Review (MMR)* is published by External Affairs for alumni and friends of the Carlson School of Management. Direct correspondence to: Office of the Dean, 271 19th Avenue South, Minneapolis, MN 55455, or call (612) 625-0843.

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The *MMR* is edited by Martha Douglas. It is designed by Dawn Mathers. The copy editor is Bonnie Klosterman.

## Dean

## Reflections of an Acting Dean



Tom Foley

**O**n June 25, the University of Minnesota announced that David S. Kidwell, currently completing his third year as dean of the School of Business at the University of Connecticut, will become the ninth dean of the Carlson School, effective September 1, 1991. We are delighted with the choice and delighted that our search for a dean is finally over.

David Kidwell's name as a potential candidate for the position came up early in our search process. Because he had only recently become dean at the University of Connecticut, we were unable at that time to convince him to take a serious look at our opening. Fortunately, when we contacted him more recently, he agreed to come and talk to us. He saw immediately the unusual opportunity our deanship provided and quickly made an agreement with the university.

Although there were times over the past three years of searching for a new dean when we had to fight off the temptation to compromise our aspirations for hiring someone with the highest qualifications, it is a credit to University President Nils Hasselmo, Provost Leonard Kuhl and the members of the search committee that no serious consideration was ever given to such a course, in spite of the state's difficult budgetary status.

In addition to Curt Carlson, who gave this search his personal attention, special thanks go to Edward Schuh, dean of

the Humphrey School of Public Affairs and chair of the Search Committee; Professor Paul Johnson, vice chair of the Search Committee; Professor John Fossum, chair of a special sub-committee of the Search Committee; and Mr. William Hodder, CEO of Donaldson Companies and chair of our Board of Overseers, who served without complaint despite many calls on his time. Numerous other faculty members, staff, alumni, students, overseers and university administrators also provided hours of counsel and assistance. We can all be proud of our tenaciousness and our success.

For me, personally, success in hiring a permanent dean also means that I will no longer be acting as though I am the dean. After a brief period helping David Kidwell make the transition as smooth as possible, I will return to my position as a finance professor. I am looking forward to preparing for and teaching classes, to reading and contributing to academic journals, and to helping fulfill Dean Kidwell's vision for the school in whatever small ways I can.

The next few months will therefore be marked off by a series of "lasts"—my last attempt to balance a schoolwide budget, my last Faculty Executive Committee meeting, and so on. This column is one of those "lasts." Try as I might, I can't avoid the temptation to use this particular opportunity to reflect on the path we have traveled during my four years in the Dean's Office, one as associate dean for Academic Affairs, and three as acting

dean. It has been an unusual journey for me personally and, I trust, for the school.

Pete Townley finished his four years as dean in the fall of 1988 after successfully establishing a partnership with the region's corporate community—a partnership that has become a model for management schools at public universities. That was the first step in a strategy to raise the national visibility of the Carlson School.

We chose to characterize the objective of that strategy as becoming "one of the top five public schools of management" in the country. In some ways, that shorthand has turned out to be an unfortunate choice because it hid the larger vision we had in mind.

The larger vision was to provide, within the state of Minnesota, at its largest publicly financed institution of higher learning, an outstanding management education opportunity for its most capable citizens, while at the same time attracting to the state many young, bright students who would then continue contributing their talents as employees in the state's public and private institutions. In short, we see ourselves as an important part of the economic infrastructure of the state and the region. The higher our national visibility, the better we can serve that function.

Fortunately, we *have* made progress on that front:

- Our faculty as a whole has been ranked as the 4th-most-productive faculty among all public schools of management in the country.

by Timothy J. Nantell



- Our faculty as a whole has been ranked as the 11th-most-productive faculty among *all* schools of management in the country.
  - We have established student and faculty exchanges with the best management schools in Europe, South America and Asia.
  - We are placing more and more of our Ph.D. students as professors in top-20 management schools.
  - As part of the *Business Week* survey of MBA programs, national employers ranked our MBA program the 4th highest among public schools and 15th highest overall.
  - Overall, *Business Week* ranked our MBA program 8th among public schools of management and 22nd among all schools.
  - *U.S. News and World Report* named the Carlson School as one of three management schools on the rise.
  - Our master's program in industrial relations, a mainstay of the school for decades, was recently ranked 2nd in the country, behind only Cornell.
- I know you have all heard this list from us before, but I think it's a good time for everyone—faculty, staff, students, alumni, university administrators, corporate and individual friends—to take another look back at our progress. This “last” look at our accomplishments is not to applaud the past, but to remind us of how much can be accomplished.
- I also want to remind us that *there is still much to be done*. Our aspirations are high, as they should be, given the community in which we operate. In addi-

tion, our competition has also made progress as they have all discovered the importance of high visibility. Finally, we haven't finished all that we started in the past three years, not to mention all that we should have started—for example, starting to take better care of our students.

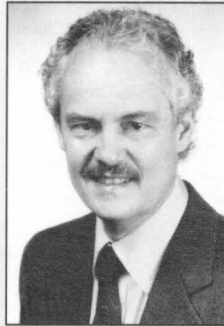
With the hiring of David Kidwell, the university has made a substantial commitment to the Carlson School, to its students and alumni, and to the larger community. They have done so, I believe, because they are convinced that management schools like ours—those dedicated to educating future business leaders while at the same time asking and answering some of the tough questions regarding the role of business in addressing society's problems—will fit more and more naturally into large, urban, research, land-grant universities.

In a sense, they have passed the ball to us. I have listed for one final time our past successes only so that we don't underestimate our ability to meet the challenge that has been put before us for the future.

Dr. Kidwell is the individual who will be able to raise the national visibility of the Carlson School and to increase its responsiveness to the corporate and student communities. Please join me in welcoming him as the new dean of the school and supporting his efforts to lead us in accomplishing the challenges ahead. **MMR**

## David Kidwell Named Carlson School Dean

On September 1, Dr. David S. Kidwell, currently dean of the School of Business at the University of Connecticut, will become dean of the Carlson School. Dr. Kidwell is a specialist in the U.S. financial system and capital markets. He has published over 80 articles in leading academic journals and has participated in a number of National Science



Foundation-funded research projects on the efficiency of U.S. capital markets and the impact of government regulations on consumer financial services. He has written the leading college-level textbook on the U.S. financial system.

In addition to his extensive and distinguished academic career, Dr. Kidwell is active as a management consultant. Several major New York City banks and Wall

Street firms number among his consulting clients.

Dr. Kidwell says his immediate priorities at the Carlson School are to develop a strategic plan attuned to the needs of students and the business community, while bringing an intellectual focus to the school.

“We're tremendously pleased that David Kidwell will be coming to the Carlson School,” said Leonard Kuhl, senior vice president for academic affairs. “Since early in his career, he has demonstrated a commitment to making business schools strong assets for their communities, while maintaining high-quality scholarship. He intends to make the Carlson School a major player in the region's economy by fostering interaction between the demands of a competitive business environment and the intellectual resources of the school.”

Soon after joining the University of Connecticut in mid-1988, Dr. Kidwell assumed a pragmatic, supply-and-demand approach to address student needs, direct faculty research and respond to the concerns of the state's business community. He expanded the curriculum and made the university's research and graduate programs more readily available and responsive to the state's corporate and government leaders.

Prior to joining the University of Connecticut, Dr. Kidwell held distinguished faculty positions at three universities, most recently the Keehn Berry Chair of Banking at Tulane University. He began his teaching career at Purdue University, where he was twice chosen the Outstanding Teacher of the Year for the School of Business.

Dr. Kidwell serves on the board of directors of NCL Mutual Insurance Company in Norwich, Connecticut and as a consultant to the American Bankers Association in Washington, D.C., the Chemical Bank of New York and Moody's Investor Service. He serves as an adviser to the Connecticut Commissioner of Economic Development and is a member of the Regional Strategic Committee of the Greater Hartford Chamber of Commerce.

Dr. Kidwell is married to Jillinda J. Kidwell, who is a senior manager in the Management Consulting Division at Peat Marwick in New York, specializing in higher education and non-profit organizations.

# Working Smarter with Information Technology

**Carlson School faculty members are studying the ways in which information technology can help the harried worker and improve bottom-line results for business.**



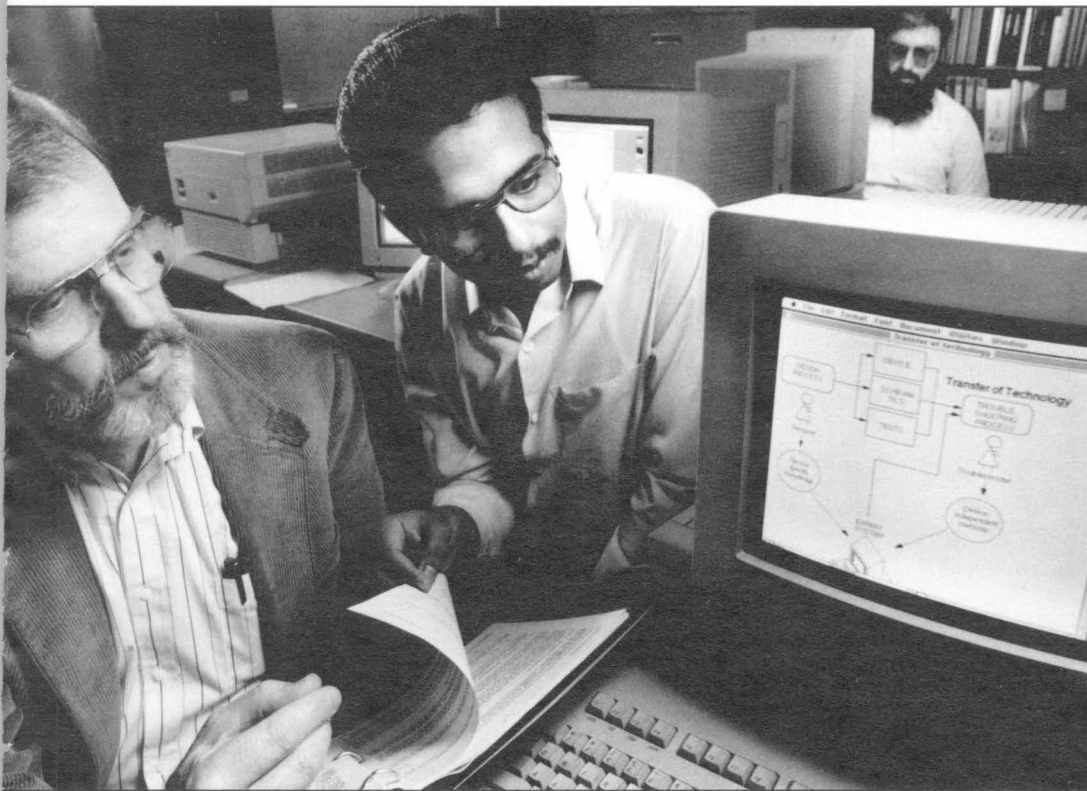
by Marc Hequet

It was a great business leap forward when traders first incised symbols on clay tablets, showing whose ox went to market and how much barley moved on a given trading day. But the invention of record keeping and writing in the Middle East about 5,000 years ago also brought unforeseen change. It meant the rise of individual wealth, new social hierarchies, cities, priest-kings, emperors and, for better or worse, civilization.

Computers have effected a similar momentous leap forward for information management. But such rapid change can also bring unforeseen problems and leave business floundering. Civilization isn't much of an advantage if the ox wanders off and rats eat the barley while workers scurry to stack more and more clay tablets.

Surely electronic mail is a great thing for business—isn't it? Ask the exasperated chief executive who printed out his mailbox for one day and found he had received 30 feet of E-mail. He hadn't foreseen that so many people inside his own company would have messages for him.

But help is on the way. Several Carlson School faculty members in the Department of Information and Decision Sciences are studying the ways in which rapidly evolving information technology affects work and workers. Their research is taking them into companies across the country and abroad to see where the problems *and* the opportunities lie and what can be done about them in the future. Back on campus, theories are tested in state-of-the-art technology laboratories to bridge the gap between business reality and academic inquiry.



Jeff Grosscup

Carlson Professor Paul Johnson and graduate students Amit Das and Dmitry Volvik are shown working on a project called "Trouble-shooting from Design," which studies how expert systems can help people perform trouble-shooting tasks when they don't have all the knowledge they need. Their work is being used at IBM-Rochester, where the design of computer chips changes too fast for human troubleshooters to become experts at finding flaws. This project is part of research efforts to better understand decision making in product and service technologies. Their work has been supported by the National Science Foundation, US West Advanced Technologies and IBM.

These scholarly efforts mean hope for the harried and better bottom-line results for business. The following examples give an idea of the kinds of questions Carlson School researchers are exploring.

## Company-wide information sharing

Professor James Wetherbe remembers the time a few years ago when a publisher called and asked him to write a book on technology for executives. Wetherbe's amused response was to send back a complimentary copy of the book he had just written on that very subject—for the same publisher.

Business ought to be able to keep the left hand up to speed with what the right hand is doing. But it doesn't always happen. And that costs money. "They could have shared that information and saved themselves \$25,000 worth of market research," says Wetherbe, a specialist in management information systems (MIS) planning.

Information provincialism not only wastes money but drives away customers. Wetherbe says an acquaintance who had long done business with a particular insurance company wanted to continue the relationship after a move to Minneapolis. Astonishingly, the insurer said it wouldn't transfer his account information to a Twin Cities branch. It wouldn't even recommend a Twin Cities branch. It suggested the Yellow Pages. The customer took the insurer's advice—and became a former customer.

One problem is that information systems aren't designed to share information across departmental boundaries within a business, or outside a business with suppliers and customers.

"When information systems are developed, everything should be cross-functional," says Wetherbe. "If you're putting in a new

order-processing system, you don't just talk to the order-processing department. You need to do the equivalent of an environmental impact statement. Bring everyone it has anything to do with into the same room at the same time and do a cross-functional design."

Consider the warehouse of a fully cross-functional organization, for example: Instead of shipping on a first-come, first-served basis, the warehouse that knows what the rest of the business knows could ship more profitable orders first, delay shipments to slow-to-pay customers, or hold a truck an extra hour or two if an order is coming for another customer near the truck's destination.

True, that kind of sharing often runs counter to the prevailing corporate code. "The reason they don't want to share is because information is power," says Wetherbe. "But what I would want to do as chief executive would be to empower my warehouse, and every other department as well. The chief executive's job is to tear down the walls between departments."

Information sharing is the linchpin in the customer service chain. Wetherbe says the airline on which he is a frequent flier gave him a verbal stiff-arm on a requested upgrade to first class which was owed to him as a favored customer. The reason: It couldn't tell from the reservation system that he had called and confirmed the upgrade. All they knew was that he was on stand-by for an upgrade. The departments obviously weren't communicating. He stayed in coach. The airline would have been better off not making a promise they couldn't keep.

As it happened, the airline shortly afterward went through some internal changes that included greater attention to customer service. About a year after the first incident, Wetherbe was again refused a confirmed upgrade from coach. But this time the counter

clerk explained apologetically that because of mechanical difficulties, the airline was substituting a jet with a seating configuration that just wouldn't accommodate more first-class passengers.

As a scholar, Wetherbe found that instructive. It meant maintenance and ticketing now were sharing information. And as a customer, Wetherbe was satisfied. "In fact I was happy I didn't have first class now," he says. "I would rather end up with a coach seat than a canceled flight."

"Information architecture" is the name given to the way information flows within a company. As an issue of concern, it's hot, ranking No. 1 among MIS executives in a 1989 survey conducted by Wetherbe and others. Interestingly, it only ranked eighth in the 1986 survey Wetherbe conducted. Another follow-up survey is planned for completion in 1992.

"I'll make a fearless forecast," says Wetherbe. "The companies that do not learn to become aggressive at sharing information across functional and organizational boundaries are not going to survive."

## Computer-assisted group decision making

Information sharing ought to start in the company conference room, but all too often meetings just waste valuable time. Ever been to a runaway meeting? The leader is unfocused, the group boisterous. Discussion careens from subject to subject. The meeting adjourns in chaos, its purpose met only partly if at all.

Can computers help keep such meetings on track? Yes, says Professor Gerardine DeSanctis. The Software Aided Meeting Management System (SAMM) she helped develop is designed to promote structured, participative decision making in groups of 3 to 16 people. "Computers have proliferated in workplaces," says DeSanctis. "Why not put them in the conference room to enhance meetings?"

DeSanctis has been studying group decision making and possibilities for computer support for seven years. One outgrowth of this long-term research project has been the development of SAMM. Though the software was initially confined to laboratory design and testing, and used only by business school students, it is a "technology whose time has come," according to DeSanctis, and there is currently great industry interest in computer-supported meetings.

DeSanctis and her colleagues are working with several computer vendors, government agencies and private companies to design SAMM and other meeting software systems and to assess their impact on the workplace.

SAMM guides participants in agenda-setting, idea gathering, idea evaluation and decision making. Participants sit at terminals around a horseshoe-shaped table. The comments they key in at their terminals can be displayed on a wall screen. Sometimes people talk, at other times they quietly type—or read and think about the ideas other group members have entered.

Besides a smoother meeting process, other applications have been found for SAMM, which is being used as part of a long-term research project at Texaco in Houston and at an IRS office in Manhattan.

One Texaco supervisor uses it to measure how well she is communicating. Using SAMM, she asks workers to list, say, their budgeting priorities. If their priorities are sharply at odds with her own, she knows she isn't communicating her

priorities and the company's as well as she might. Another Texaco unit uses SAMM to turn routine presentations into an interactive game. "What do you think state-of-the-art imaging equipment costs?" the presenter might ask. Curiosity piqued, participants key in their guesses, and the presentation goes on. "That," says DeSanctis, "is a creative use that we never envisioned."

One feature of SAMM is that it can mask the identity of who's saying what. Some managers find that threatening. But organizations are becoming more fluid, and managers are learning to go with the flow. "Power and authority relationships are not nearly as static as they used to be," says DeSanctis. "Organizations are becoming more dynamic in how they define relationships and reporting structures. There's more of a culture that is open to and can benefit from this kind of technology."

DeSanctis points with pride to SAMM as a rare example of a commercial product growing out of a business school research project. Commercial versions of SAMM, including hardware and software, start at \$40,000.

## Managing for knowledge-worker productivity

Developing and managing information systems is certainly an important corporate endeavor in today's technology-based workplace, but researchers interested in this field are finding that not all productivity improvements are gained through improvements to corporate systems.

The basic activity of managers, accountants, financial analysts, psychologists, professors and other professionals is managing knowledge. Researchers call them "knowledge workers," and they are an increasingly greater proportion of the workforce. A



John Kiebler

new research project by Gordon Davis, Honeywell Professor in the Management of Information Systems, focuses on increasing the productivity of knowledge workers through redesign of work, use of technology and self-management techniques.

A key consideration is that measuring knowledge-worker productivity is difficult. If an analyst works out two financial scenarios by hand in an hour and another analyst does 10 scenarios on a computer spreadsheet in the same time, the result is still only one recommended scenario.

Determining how much better a particular decision is as a result of added analysis is difficult. And yet, individuals who are provided with the increased capability chose to use it to develop more support for the same decision rather than undertake more decisions.

Davis is interested in how to battle Parkinson's Law: Work expands to fill the time allotted to it. A manager with a typewriter, an old-fashioned library and two weeks to write a report will take the full two weeks. The same manager with a word processor, electronic database research capability, a spellchecker and a laser printer will still take—you guessed it—two weeks.

In one area of knowledge work—programming—productivity is somewhat measureable. Researchers have worked out a way to measure the output of these knowledge workers and have found an interesting result: tremendous variation in output. The best programmers work 10 times as fast as the worst. And individual programmers' output varies widely from one day to the next.

What are the fastest programmers doing that other programmers could be doing? What happens when fast programmers are programming more slowly? "If we understand why we're more productive at some times than at others," Davis says, "we may be able to manage for greater knowledge-worker productivity."

Some guiding principles that are not technology specific have emerged: Break long-term jobs into short-term assignments. If you're poor at scheduling, work at making explicit schedules. Time of day matters: A knowledge worker who's trying to write a difficult report right after lunch is probably fighting a losing battle against drowsiness. A better use of time just then may be opening mail or returning calls, until a perk-up occurs. In the same way, the manager who calls a staff meeting for first thing in the morning may well be wasting "morning people's" highly productive time.

Clearly, some aspects of knowledge-work management have little to do with technology. While technology usually makes knowledge workers more productive, upgrading technology doesn't always improve productivity, warns Dr. Davis. Managers without E-mail, accountants without spreadsheets and stockbrok-

ers without databases would all be slowed down. However, business needs to assess the full cost of new technology, including training time and disorganization, before deciding to add or upgrade.

One overall observation is clear. Managing highly educated, well-informed, self-motivated people for greater productivity is tricky. "It's very difficult to manipulate them and I'm not sure you'd want to, because you'd probably reduce their productivity," says Davis. "If you try to put them on an intellectual assembly line, you're going to fail. What you want to do is help them manage their personal productivity better."

## Using expert systems to make decisions

One area where there *is* a concrete tie between knowledge and technology, however, is expert systems. Expert systems put the knowledge of many human beings together into a computer, allowing the computer to make quick, well-informed decisions.

Such systems are used in financial planning, insurance underwriting, medicine and manufacturing. They advise doctors about what kind of care a patient needs and auditors about whether financial statements appear to be fraudulent.

American Express uses an expert system to make quick, over-the-phone decisions on whether to extend additional credit

requested by cardholders. When you call a hotline to ask about your computer, the vendor's rep is probably accessing an expert system.

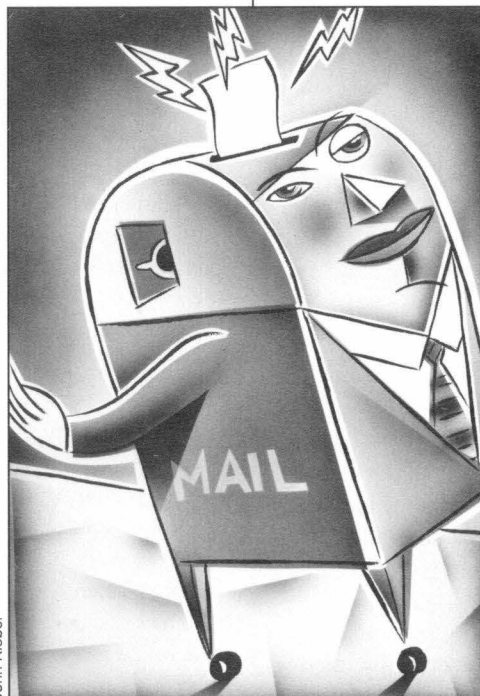
Indeed, some mainframes now come with their own internal troubleshooting PC; when the mainframe goes down, an internal expert system pinpoints the trouble.

In short, expert systems are becoming commonplace. "They have gotten into the toolkit of the MIS professional," says Paul Johnson, Carlson Professor of Decision Sciences. "Five years ago people who did this tended to be in specialty groups. Now MIS professionals have the capability of building this kind of tool when the need arises."

At IBM in Rochester, Minn., computer chip designs change so rapidly that human troubleshooters can no longer gain enough knowledge about a given design to become expert at finding flaws. "That knowledge exists," says Johnson, "but it's upstream."

Johnson helped develop an expert system for IBM that incorporates the "upstream" design knowledge about the chip on which the troubleshooter is working. The expert system guides the human worker in the search for flaws.

More workplaces will see expert systems in place as their applications become more widespread and the price continues to come down. Software is available that lets Dupont's chemical engineers, for example, build their own small expert systems as



John Kleber

needed on PCs. These systems perform a variety of tasks and free up the engineers' time so they can concentrate on more difficult jobs.

The emergence of this technology means that running a department or a business will become more like flying the space shuttle: Humans pay attention to one layer of responsibilities while expert systems run others. A manager can assess a job candidate, for example, while the computer runs a check on how well the candidate's experience matches the demands of the job in question. The manager makes the final hiring decision; the expert system helps make it a more informed decision.

Over time expert-system designers have made their software "smarter" by pooling the knowledge of more and more experts. Such pooled expertise is vital when a professional sees a set of circumstances relatively rarely. Doctors see many cases of the flu, for example, and become very good at quickly spotting symptoms and suggesting treatment. But auditors see fraud and its characteristic accounting patterns only occasionally, if ever.

Expert systems aren't good at some things: legal judgments, for example, and other tasks that involve common-sense reasoning.

So could a manager be replaced by an expert system? Probably not. "Expert systems tend to be more successful in narrow tasks," says Johnson, "and narrow tasks tend not to be the managers' tasks."

## Easier-to-use computers

Since the 1950s, computers have supported business transactions and played a greater and greater role in analyzing and controlling business processes. The workplace has changed almost as much in the last four decades as it did in the preceding four centuries. But what changes lie ahead in the next decade or so?

Trying to answer that question is Professor Detmar Straub's specialty and favorite topic. He suggests that the next step is making computers much easier to use. What about computers that understand human speech and respond in kind? Tell the machine what you want. It delivers.

Straub envisions an "electronic amanuensis" that can screen calls, relay and store voice communications, transcribe them into text and check grammar and spelling. With such an amanuensis, you could be driving to a meeting as you dictate a message. Meanwhile, the machine is taking a call from your boss and politely reporting that you're not available.

Although the elements of this scenario are now technological realities, their development lies in the future. Straub is also interested in the present and is studying how people use communications technology, what determines an individual's choice of a communication medium and the impact of that choice on performance.

His research shows that use varies by culture. Straub has been in Japan for five months researching E-mail and fax use under the Carlson School's exchange program with Keio University. His preliminary findings suggest that the Japanese seem to use fax

machines more and E-mail less. The Japanese prefer face-to-face interaction, prefaced, ironically, with fax communications. Japanese knowledge workers will even fax documents to a co-worker in the next room! U.S. workers are more comfortable with impersonal E-mail.

Corporate culture is a factor as well. Is the boss a stickler for keeping personal business away from the office? Then employees shouldn't be allowed to use E-mail to schedule poker games, as one group of U.S. office mates did. Their rationale: They'd be using work time to schedule the card games anyway. E-mail is efficient.

Workers use technology in unanticipated ways. One group uses it to advertise items for sale in a company-sponsored charity bazaar. At another firm, workers use E-mail bulletin boards to exchange information on work-related questions. But they also advertise used cars, which points up that sometimes results are unforeseen as well. Nearby auto dealers became upset because the bulletin board was hurting their used-car business.

A key change brought by information technology is how it affects lateral and vertical relationships within the company. Workers can quickly communicate far and wide with each other—and with the people in charge. Straub cites the example of the exasperated chief executive with 30 feet of E-mail in one day.

In the CEO's case, he did something about it. He shut his E-mail down—an antediluvian response, although it was effective. But many workers can't escape the technology imposed on them. Sometimes even technology regarded as beneficial has surprising effects. In one case, telecommuters working at home were required to come to the office only once a month. Sounds great, right? But the telecommuters felt isolated and came to the office three times a week.

Straub reminds managers that it's important when putting new technology in place to let workers have real influence in how the technology is selected and utilized.

"People are conservative by nature," he says. "In order for people to change, they have to be convinced that new technology offers a relative advantage over the way they're doing it now. They do a kind of internal cost-benefit analysis and ask themselves, 'Is the cost of learning this new technology worth all the effort I'm putting into it?'"

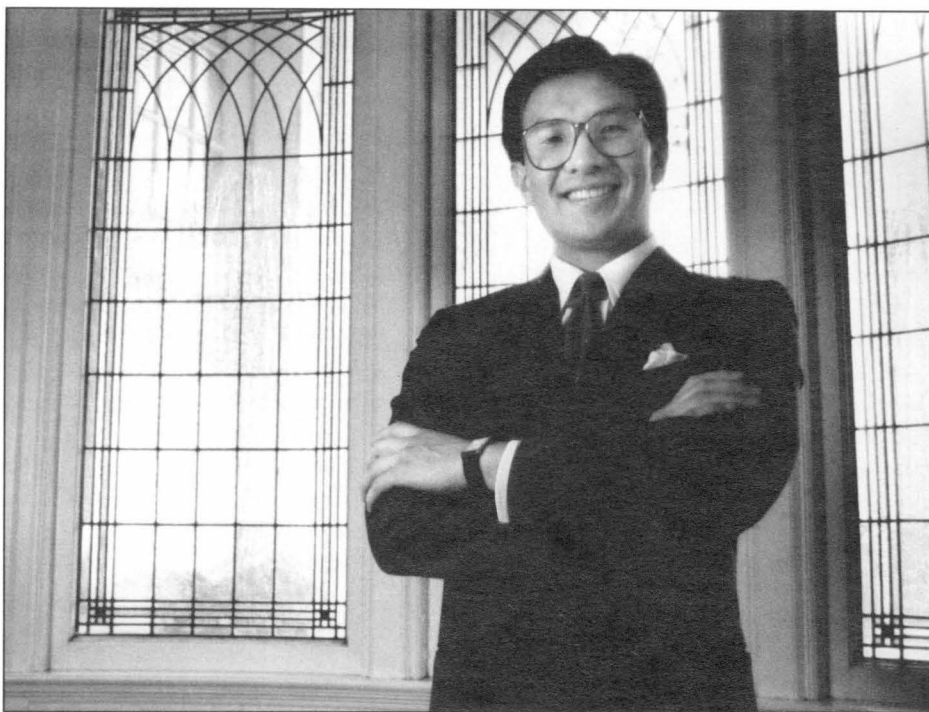
Straub goes on to say, "The question isn't whether technology degrades work life, but rather: When we introduce technology, can we also enrich people's jobs?"

The exasperated executive with 30 feet of daily E-mail is one side of the story. The other side is the company vice president who thinks nothing of getting 150 E-mail messages daily. This cool VP has learned to manage information flow—to track the corporate ox, foil the corporate rats, market the corporate barley and stay civilized the whole time.

Guided by solid research from a good business school, any manager can do the same. **MMR**

Paul Gam, a 1984 graduate of the Carlson School's accounting program, is senior vice president at U.S. Directives, a crisis management consulting firm. He started out in public accounting and has also worked for a diversified regional company and a national promotional marketing firm. But that's only half the picture; Gam is also a trained classical musician, an active community volunteer, a family man and a black belt in karate.

Gary Bistram



# A Man to Watch

**Paul Gam, '84 BSB, has packed a lot of life into his 31 years. And given his achievements so far, there's probably a lot more to come. He's a man to keep your eyes on—if you can.**

Paul Gam likes to keep busy. When you can't find him at the offices of U.S. Directives, a Minneapolis-based crisis management consulting firm where he serves as senior vice president, you might take a peek at one of the several state and local boards on which he sits, including the Governor's Advisory Committee on Appointments and the Advisory Council for the Organization of Chinese Americans. Or you might find him training in his favorite sport, karate, a discipline in which he holds a black belt. Or you might find him tickling the ivories—he's a trained classical musician. Or you might find him pursuing his latest avocation: voice lessons. "I wanted to make myself more bearable in the shower," he says.

Gam has packed a lot of life into just 31 years. A Hong Kong native, he arrived in this country in 1980 to study at the University of Minnesota and has been here ever since. "I was looking for a place with mild winters," he says of his decision to come to Minnesota, a tongue firmly planted in his

cheek. Actually, he came on the advice of one of his three brothers, who is a graduate of the university's engineering school.

Gam's father was a missionary in China, as was his grandfather and an uncle. The family moved to Hong Kong during the communist revolution on the mainland, and Gam's father continued his missionary work in the colony, setting up churches and schools in Hong Kong and on surrounding islands.

The will to excel was born in Gam. "My mother set very high standards for my sister and brothers. And, as the son and grandson of missionaries, I realized early on I'd be living with a lot of guilt if I didn't try my best," Gam says with a laugh. "With a religious upbringing, it seems you're constantly comparing yourself to some high standard, and that you're almost always going to fall short. Therefore, you simply have to give it your all to even the odds."

His training in classical music began in first grade at the Hong Kong Royal School of Music. He continued to study piano and music theory for 10 years, in addition to his regular schooling at the prestigious Queen's College, the oldest school in Hong Kong.

by Tim Brady

"The educational system in Hong Kong is quite different than the one here in the United States," Gam says. "The competition starts much earlier. At the end of the sixth grade, there is an open public examination in which everyone participates and is given a rank. After the exam, I was fortunate to be assigned to a very good school."

His learning held him in good stead when he arrived at the University of Minnesota. Gam was not only able to carry a heavy class load, but he also tested out of several courses. "During breaks, such as at Christmastime, I would identify a class which I needed to take and spend my whole vacation studying the material. Then I would test out of it."

He also worked for the campus police department, "a wonderful job," he says, because the late hours as security guard allowed for more study time. By the end of his first year, Gam had enough credits to enroll in the Carlson

School's accounting program. "Ever since I was young, I knew I wanted to be in business," he says. "It wasn't about money. It was about being able to fulfill certain needs. It was about facilitating relations and solving problems."

During his last year of college, Gam worked at the public accounting firm of Arthur Young & Company as an intern. After graduation, in 1984, he moved to Grant Thornton, where he served first as a staff auditor, then as a senior accountant, and finally, after attaining his CPA certification, as audit supervisor.

"I was involved in auditing and, later on, in special consulting projects," Gam says of his experience at Grant Thornton. "One project was helping a client set up joint ventures in China. Another was facilitating labor negotiations for a restaurant group where the kitchen staff was Asian and the management was not. I also worked on some SEC registrations, litigation support, public offerings, and acquisitions."

Gam stayed with Grant Thornton until 1988, when he became corporate controller of Donahue Enterprises, Inc., a privately held, diversified company with 15 operations in four states. "Starting out your career with a public accounting firm and then leaving after three to five years is a common professional path," says Gam, "but my experiences there were invaluable. Public accounting is a wonderful training ground because in a short period of time you're exposed to numerous kinds of businesses on more than just a superficial level. You talk to senior management, find out why people make money, why they succeed, and why they don't. Basically you get to dissect a business and in the process pick up a lot of knowledge."

**"Public accounting is a wonderful training ground because in a short period of time you're exposed to numerous kinds of businesses on more than just a superficial level."**

While at Donahue Enterprises, Gam continued an acquaintance with William Urseth, a Twin Cities entrepreneur whom Gam had first met while he was in public accounting. Urseth headed, among other businesses, a company called U.S. Communications, the fifth-largest promotional marketing agency in the nation, and had an impressive client list that included Apple Computer, Quaker Oats and MasterCard. When Urseth asked Gam to join his company and head the finance area, Paul jumped at the opportunity. "I knew the values at U.S. Communications under Bill's leadership. They were truthful to all parties involved and were interested in long-term relationships. They strived for excellence in all respects and their success was measured by the successes of those they served."

What U.S. Communications would do for its clients, according to Gam, was everything from "providing a marketing vehicle as basic as a coupon or a rebate offer to being an integral part of the long-term stra-

tegic planning process." It also worked with licensed promotions in the movie industry. That conspicuous Baby Ruth candy bar in the Steven Spielberg movie, "The Goonies," for instance—a peace offering between one of the children in the movie and a monster—was placed on celluloid by an agreement executed by U.S. Communications between the producers and the confections group of Nabisco Brands, Inc.

Promotional marketing grew by leaps and bounds during the late '80s and so did U.S. Communications. Soon the company had attracted the attention of some larger firms and, in late 1990, it was purchased by a Chicago agency. The period during negotiations was a delicate one for both Gam and the company. "This was a definite learning experience," he says, "and at times very difficult. I was in a position where I knew what was going on, as did the rest of senior management, but no one else did. You know such a transaction will impact a lot of people's lives, and yet you can't say anything. Often the easy way out is to mislead or misrepresent. It was hard not to do any of those things. It was also difficult not to disclose any confidential information without making others feel rejected. It was truly a lesson in human relations."

For others in a similar position, Gam suggests that they remain true to their "core values." "It takes strength of character and conscious effort to avoid the pitfalls, but you must remember the truth is going to come out eventually."

After the sale of U.S. Communications, William Urseth founded a new company, U.S. Directives, and Gam soon joined as senior vice president. "We are involved in turnaround and workout situations. If a company has major problems, we'll help them restructure and get back on their feet. One client we are currently serving was listed on the New York Stock Exchange before it encountered significant difficulties and filed for protection under Chapter 11. Our work is aimed at maximizing its value to the creditors and shareholders." Quite a switch from promotional marketing, but Gam, who's had extensive



**Gam says his karate training helps him manage his busy schedule by teaching him to focus his energy on the most important problems while being bombarded from many different angles.**

experience in many areas of business, has confidence in his ability to make the transition.

U.S. Directives is housed in a Victorian mansion on the curving streets just south of Loring Park in Minneapolis. Gam's office is three floors up a wide staircase, and classical music serves as the background to his work there. The peaceful strains of Vivaldi smooth an often hectic schedule.

Besides his work at U.S. Directives and besides sitting on the board of directors for Summit Brewing Company, Gam is the youngest member of the Governor's Advisory Committee on Appointments, whose mission is to recommend qualified individuals for appointment to the various state commissions, councils, boards and committees. Governor Arne Carlson recently commended Gam's work on the committee by saying, "I am very pleased that we have a person of Paul Gam's caliber working to follow through on our commitment to excellence at all levels of government as we fill vacancies in the executive branch. Paul is well aware of our commitment to building a state which is more sensitive to issues of gender and ethnicity and is an important asset in the effort to bring the best men and women into the appointments process."

Gam is also on the Undergraduate Advisory Board at the Carlson School and a member of the Professional Ethics Committee of the Minnesota Society of CPAs. And, as if that weren't enough, he recently chaired the Finance Committee for the 1991 Minnesota Environment Day.

Gam's interests in and work with the Asian community are a natural extension of his background. As an Advisory Council member of the Organization of Chinese Americans, he helps that group try to "increase the sensitivity of other Americans toward the Chinese, as well as encourage Americans of Chinese descent to become more active contributors to U.S. society." A recent Chinese New Year's celebration co-sponsored by the organization, which was attended by Governor Carlson upon Gam's invitation, did just that by bringing nearly 2,000 Twin Citians, both Asian and non-Asian, together for the festivities.



Gary Bistram

You might think that with so many commitments and obligations, Gam has somehow been able to coerce more than 24 hours from the daily clock. In fact he typically rises at 7 a.m. and has coffee and breakfast with his *Wall Street Journal*. "And then I go to work," he says. "Usually the night before I've made a complete to-do list, so when I get there I start with the first item I've already prioritized. On a typical day I would be happy if I got about half of my list done."

His karate training helps him in sorting through his busy schedule. "What it does in addition to physical exercise, is it offers me a calmness of mind. In a hectic life, you get bombarded from many different angles, with multiple things going on at the same time. It is similar to being physically attacked from all sides. The question becomes: How do you keep your perspective and respond in an appropriate manner? Which situations do you confront? Which do you avoid? Which do you redirect? Karate helps me do this."

On a typical weekday, Gam leaves work from 6 to 7 o'clock in the evening and usually attends a community organization meeting or a class. Did someone say that he also maintains a 4.0 GPA studying for his MBA at the Carlson School, and writes ballads? "I had 10 years of classical music

training," Gam says. "After that I started to play popular material and arrange music on my MIDI synthesizers."

He's usually home around 9 p.m., and when he gets there, he says, "I'm totally home"—with his 18-month-old daughter Ashley, and his wife, Queenie, who loves being a full-time mother. Gam says his daughter is "a night owl" like he is. She stays up until 11:30 to read a bedtime story with her father. The day starts again at 7.

As you might have guessed, Gam is not without further ambitions. "What I want to be in my early forties is the CEO of a medium-sized company," he says. He believes his work at U.S. Directives will help him achieve that goal by offering a continuing education in business operations. "In a crisis management firm you're looking at companies that have failed or had a setback for one reason or another. You are a problem solver. You have to deal with finances, marketing, as well as operation issues. It's a very fertile ground of knowledge."

Being a native of Hong Kong gives Gam a unique perspective on his adopted country and state. He applauds the increasingly international outlook of the Minnesota business community. "The United States has

*continued, p. 32*

# Once and Future Economies

**Visiting professors from France, Germany and the USSR describe economic developments in their home countries**

**T**he Berlin Wall has fallen and is being sold piecemeal for souvenirs. The Soviet Union is allowing its citizens to privately own businesses. The European Community is progressing steadily toward a common market in 1992. With enormous changes such as these occurring in the European economic environment, what is it going to look like by the end of this decade?

Four European professors visiting the Carlson School this spring provide their thoughts on this question. And although many Americans see the changes taking place as an embracing of American-style capitalism, the European perspective is that change has been motivated by economic self-interest, for the purpose of competing more effectively worldwide.

## **A new Europe in '92**

Less than six months from now, on December 31, Europe will go to bed separate nations and wake up in 1992 as a loose confederate alliance with open trade, ready to play a powerful role in internal and world markets.

Up to now, internal European markets, while culturally unique, have proven unprofitably insular. For example, Italian sun-dried ham, as delicious as it is, has long been unavailable for sale outside Italy because of other countries' food inspection laws. Import tariffs within Europe have made almost every product moving across a border so expensive it becomes a delicacy. An even bigger problem is a lack of product standardization: simply put, a German plug will not fit into a French socket.

The 12 member nations of the European Economic Community (EEC) not only want to make it easier to trade internally, but externally as well. As visiting Industrial Relations Professor Yves Delamotte, from the Conservatoire National des Arts et Metiers in Paris, says, "A primary focus of Europe

'92 is to create a European common market to compete with the U.S. and Japan."

Delamotte describes Europe 1992 as an enormous undertaking. Though the EEC has existed since 1958, relatively little was accomplished toward realizing its current goals primarily because a unanimous vote was required to pass any measure. But things began to progress when the Single European Act of 1986 created a European Council that could tender recommendations by a qualified majority vote.

Now the Council is systematically addressing in detail nearly 300 white paper directives ranging from free movement of people between member nations to technical harmonization. For example, one subsection of the directive regarding worker safety defines at length and in sophisticated mathematical terms exactly what noise levels in the workplace are acceptable.

This is also an example of a directive that will address the component of the undertaking that most concerns Delamotte and others — the social dimension. The Council is drafting directives involving such things as freedom of movement, living and working conditions, health and safety at work, social protection and welfare, education and training, and freedom from discrimination.

Delamotte says, "It is in these areas that the internal market is meeting the most resistance. For example, while there has been great progress regarding health and safety, there is also great resistance because the directives regarding working conditions are perceived by some as potentially rigid constrictions of management prerogatives. Such concerns are translated into political issues. And, of course, economics and social concerns rarely exist apart from politics. But Europe 1992 will not work if the workers do not support it. They must see '92 as a way for all to benefit from an increased ability to compete in a variety of markets and as a concerted move toward more fairness and opportunity in the workplace. I believe that '92 will fail if workers see it solely as an effort of big business to increase its profits."

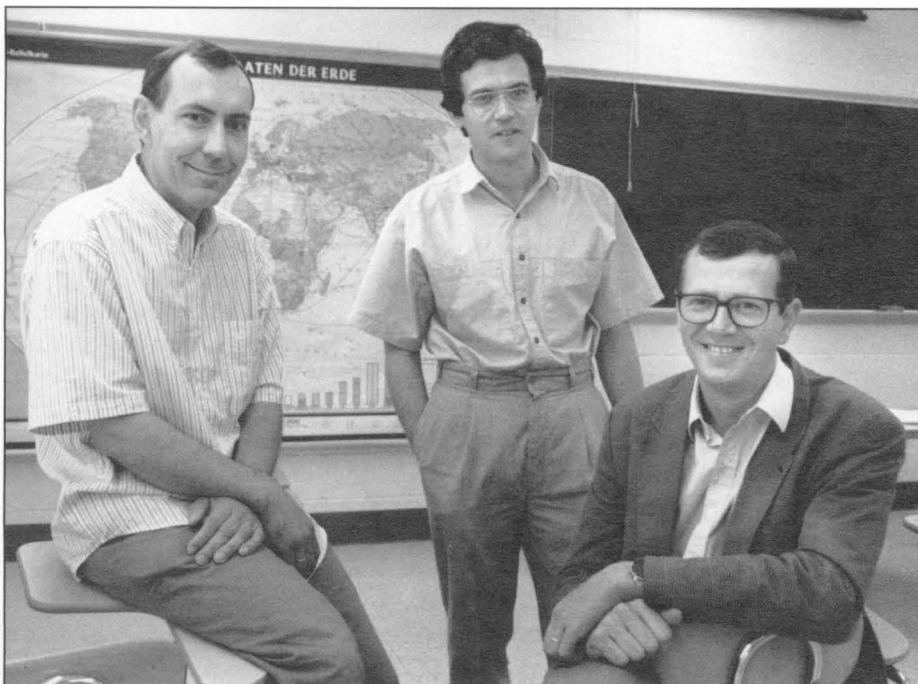
Patrick Louis, a professor of finance from the Université Jean Moulin-Lyon III in Lyon, France, who is visiting the Carlson School as part of an exchange program with that university, is also concerned about Europe 1992's social dimensions. He worries that France might be at a disadvantage because of its social welfare policy. Louis says, "France has a dilemma because its president is a Socialist, and therefore to a degree the French government must choose between the future of its social policy and attracting necessary investments, which of course will seek the best taxation advantage. A great deal of a worker's income goes to support social programs such as socialized medicine and retirement benefits, which leaves little money available for the majority to participate in investments such as speculating on the stock market. This situation leads to several perceptions among the French people—that stock investing is not within their purview, which causes the 'middle class' in particular to exhibit low interest in the overall business climate; and that France's comprehensive social programs will attract an influx of Europe's unemployed with the advent of 1992.

"Overall," Louis explains, "there is a great deal of debate in Europe over whether political unity should create economic unity or economic unity should create political unity. France has been a separate nation for over 1,000 years, so it is very difficult for some people to conceive of a unified Europe. A common European market has been a reality for some time; 1990 was the year of free circulation of capital markets; 1992 may be the beginning of the free movement of people, but it is certainly not the beginning of political unity."

## **A reunited Germany**

Ekkerhart Schlicht, visiting industrial relations professor from the Technical University in Darmstadt, Germany, is a specialist in labor market theory. He notes that the reunification of Germany has led to a tremendous surge in wages. "The impact of this wage parity is dramatic because the

by David Pink



Three of the foreign faculty members visiting the Carlson School this year are Industrial Relations Professor Ekkerhart Schlicht, from the Technical University of Darmstadt in Germany; Management Professor Alexander Ardishvili, from the Institute of World Economy and International Relations in Moscow; and Finance Professor Patrick Louis, from the Université Jean Moulin-Lyon III, in Lyon, France.

productivity of East German firms has been one-third of that in West Germany, and now East German wages are 60 percent of West Germany's," Schlicht says. "Consequently, many firms have gone bankrupt.

"This is coupled with other problems resulting from the integration of two different economic systems. For example, the work routines in the East and West are quite different, which produces the need for seemingly endless clarification of job responsibilities and work procedures. One could imagine the situation as retraining at nearly every level on a mass scale."

Schlicht also points out that how to privatize or even whether some East German industries should be privatized are important considerations in trying to mesh the two economies. "There is value to some of the work procedures in the East and a united Germany wants to preserve what is useable. The problem with privatization is that it may cut down on information flow and thereby destroy value. A compromise needs to be worked out to ease the transition," he says.

Overall, Schlicht is realistic about the prospects for a reunited Germany and Europe 1992. "Reunification," he says, "will require economic sacrifices as we work toward economic parity, but right now the German people seem willing to make those sacrifices. Reunification has also had a positive influence on 1992 because some people thought that Germany was too strong a

market member. However, reunification is absorbing many of our resources and that has led to greater parity with some of the other countries forming the European Common Market."

### Going private in the USSR

Alexander Ardishvili, a visiting professor from the Institute of World Economy and International Relations in Moscow, is working on a research project on privatization and entrepreneurship in the Soviet Union. He points out that the concept of entrepreneurship in the Soviet Union, contrary to being an oxymoron, is something that has been present since the beginning of that union.

Ardishvili says, "The Soviet Union has always had a substantial group of entrepreneurs who have worked within the framework of a centrally planned economy by functioning as managers of state-owned enterprises or as part of the black market economy. In some ways these people had to be even more entrepreneurial than entrepreneurs in a free market economy—especially in the case of the black market, where entrepreneurs are engaged in illegal activities."

The success of the black market is one of the factors leading to increased privatization in the Soviet Union. "The black market," Ardishvili explains, "is one of the reasons the Soviet economy moved forward at all. It supports the overall economy by sup-

plying the missing links in the official distribution system which never worked. This 'second economy' accounts for 20 to 25 percent of the total Soviet GNP. Of course these businesses are run tax-free, so bringing them into the legitimate economy by means of privatization will increase the tax base."

But whether privatization involves the black market or the legitimate market, it will be a long process, especially for Soviet heavy industry. However, the retail and service sectors should be privatized by the end of 1992. It is difficult to talk about an overall approach to privatization because each republic will define its own process. "Allowing such independence," Ardishvili notes, "is the only way to keep the union together. Even those republics which have not been considering independence are now leaning more that way due to economic hardships. Allowing each republic to determine its own economic policy according to its needs will lead to more equality and cooperation."

Contrary to the way the American media have sometimes portrayed Soviet privatization—as the USSR embracing capitalism—Ardishvili sees Sweden as a much more likely model due to its "social guarantees and a much more powerful mechanism for redistribution of wealth."

Regardless of their respective countries, all three visiting professors agree that economic reforms will take many years. And no one thinks that, on January 1, 1992, it will be as if a switch has been thrown, galvanizing a new European economy. But whatever the pace, the economic and political changes that are happening abroad will affect how American countries conduct business in world markets. **MMR**

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

# AS I SEE IT

## Hiring Honest People

**H**onesty occupies a unique place among human characteristics as the single characteristic we value most in other people. It's also unique in terms of how we view ourselves.

Here's a little quiz for you. Look at each of the following characteristics and rate yourself as "above average," "average," or "below average" in comparison with people in jobs like yours:

- intelligence
- consistency
- patience
- artistic ability
- loyalty
- cooperation
- practicality
- mathematical ability
- honesty

This quiz has been given to large numbers of people. More than half rate themselves below average in patience and artistic ability; 10 to 20 percent rate themselves below average in consistency, mathematical ability, and practicality; less than 10 percent rate themselves below average in intelligence, loyalty and cooperation. And *no one* rates themselves below average in honesty! We tend to rationalize—we convince ourselves that we are no different from others. People who pilfer from the cash drawer tend to believe that most other people do, too.

Concerns about honesty, theft and counterproductivity pervade modern organizations. Insider trading, disclosure of secrets to competitors, theft of money or merchandise—from entry level jobs to the highest

positions in an organization, honesty is an issue. Estimates of loss due to employee theft are in the billions of dollars.

Strategies for combating employee theft and counterproductivity generally fall into three categories: control systems, management practices and pre-employment screening.

The *control system* approach involves designing and implementing mechanisms to detect the behavior of concern. Examples include using cameras for employee surveillance, inspections by security personnel at building exits and financial audits.

*Management practices* involve attempts to influence future behavior through formal or informal policy. For example, an enforced policy that no employee theft will be tolerated and that any theft, no matter how small, will result in termination sends a clear message. Or, conversely, when a top executive distributes a flier made on a company copying machine to sell unwanted football tickets, a message is implicitly delivered that it's OK to use the copier for personal use. Thus management can influence employee behavior both by policy and by example.

*Pre-employment screening* involves attempts to weed out individuals prone to be dishonest, prior to hire. One strategy is to rely on the maxim that "past behavior is the best predictor of future behavior"; techniques such as background and reference checks and interviews fall into this category. Another is to examine the possibility that certain attitudes or personality traits

lead people to be dishonest. The growing number of paper-and-pencil "honesty tests" reflect this approach.

My own interests focus on pre-employment screening and psychological testing for employee selection purposes. As employer interest in screening job applicants for dishonesty grows, I am devoting more of my time to investigating honesty tests.

### The integrity testing industry

Paper-and-pencil predictors of theft and counterproductivity have been in use for over 50 years. However, the number of tests available and the extent of their use has grown rapidly over the last decade. Recent estimates suggest that several million such tests are administered in the United States each year. While integrity is an issue across the full spectrum of jobs, integrity testing is used predominantly for low-paying entry level jobs in settings where employees have access to money or merchandise, such as in retailing or financial services. Many of the early integrity tests were developed by polygraph firms for use in states that restricted the use of the polygraph. The tests were initially billed as paper-and-pencil surrogates for the polygraph, and evidence of their validity typically consisted of correlations between test scores and polygrapher judgments.

In the last decade, a number of trends have emerged. First, psychologists have become increasingly involved in this area of testing. Second, tests are be-

Research shows that integrity tests can help you "beat the odds" when screening job applicants for honesty, but they cannot singlehandedly eliminate employee theft.

by Paul R. Sackett

ing positioned quite differently. The link to the polygraph is either downplayed or eliminated completely. Third, markedly different types of paper-and-pencil measures have come forth. Three basic types of tests can be identified:

#### 1. *Overt integrity tests.*

These commonly consist of two sections. The first measures applicants' attitudes about theft by asking such things as how frequently or extensively they think theft occurs, how theft should be punished, what they think in general about theft, how easy it is to steal, whether they agree with common rationalizations for theft, and how honest they think they are. The second asks applicants to describe the frequency and amount of theft and other illegal and/or counterproductive activities they have engaged in. These two sections may also be packaged with other scales intended to measure factors such as drug abuse and tendencies toward violence.

2. *Personality-oriented measures.* These tests are typically developed by psychologists and are closely linked to normal-range personality assessment devices such as the California Psychological Inventory. They are broader in focus and are not explicitly aimed at theft. They include questions dealing with dependability, conscientiousness, social conformity, thrill-seeking, trouble with authority and hostility.

3. *Clinical measures.* These are measures developed for other uses, such as the Minnesota Multiphasic Personality Inventory, to evaluate integrity. A

clinical psychologist may use such a measure to form a diagnostic opinion about an applicant's integrity.

To date there has been a good deal of research on the overt and personality-oriented measures. Both appear to be equally effective; at this point there's no good evidence that one type of test is better than the other. The clinical measures, though, have received much less research attention as predictors of honesty, and any attempt to compare them with the first two types would be sheer speculation.

### Legal status of integrity tests

There is currently no federal regulation of integrity testing. As with other types of tests, questions about adverse impacts on protected groups arise whenever employers consider using such tests. It is well documented, however, that women, racial minority groups and older workers do not systematically perform more poorly on these tests, and there have been no successful challenges to integrity tests under federal anti-discrimination laws.

At the state level, considerable activity has been aimed at the restriction of integrity testing within the last few years. The Massachusetts Polygraph Act was amended to include written examinations rendering a diagnostic opinion regarding an individual's honesty in its definition of a lie detector test. The act goes on to prohibit requesting or requiring an applicant or employee to submit to a lie detector test as defined

above. Rhode Island has added similar language to its definition of the term "lie detector," although it allows for written tests if they are not the primary basis for an employment decision. Proposed legislation, with the support of labor unions and employee rights groups, has been introduced in other states. Integrity tests *are* permitted under Minnesota law.

More recent state bills, such as that introduced in New York in March, are free-standing, rather than linked to the polygraph. This is because federal legislation severely restricts polygraph use. The 1988 Employee Polygraph Protection Act prohibits private employers other than security firms and manufacturers of controlled substances from requiring or requesting pre-employment polygraph exams. This legislation supersedes state polygraph laws; while individual states can further restrict polygraph usage, they cannot permit practices prohibited by federal law.

### The research base

Fairly standard methodologies for evaluating the validity of employment tests have been developed. On the surface, what is needed is straightforward: test a group of applicants, hire

without regard to test scores, measure subsequent on-the-job behavior, and compare test scores with these measures of job behavior. In integrity testing, measuring subsequent on-the-job behavior has proven to be the Achilles' heel of the validation process. It is generally acknowledged that much theft and other counterproductive behavior goes undetected. (If detection were easy, there would be considerably less need for or interest in pre-employment screening.) Thus, if an individual fails a test but is not caught stealing on the job, a test critic may label this a misclassification and use this as evidence of test invalidity. A test advocate, on the other hand, may assert that the individual was simply not caught.

Most research studies have produced results supportive of the notion that test scores are significantly related to job behavior. Virtually all of the research, though, has been done by test publishers, leading skeptics to question whether only successes are publicized.

As I see it, a major source of confusion about the issue of test validity results from the fact that when organizations and job

*continued, p. 32*



*Paul Sackett is professor of industrial relations at the Carlson School. His research specialties are fairness in psychological testing, personnel decision making, managerial assessment centers, employment interviews and job analysis methods. He serves as chair of the American Psychological Association's Committee on Psychological Tests and Assessment and just finished a six-year term as editor of Personnel Psychology.*

In this issue's "Ideas" section, we bring you summaries of thoughts on entrepreneurship that were expressed by some of the speakers and panelists at Business Day 1991. The theme for the day was "Entrepreneurism: The Spirit of Business."

## How to profit from your ideas

by Yvonne Pearson

**W.** Gibson Carothers, head of an idea brokerage in Minneapolis called Gibson & Carothers, and co-founder of the Cardvaark, Sox Appeal and Lake St. Shirts stores, gave advice at Business Day's opening program on how to profit from



Gibson Carothers

your ideas. "Don't take the experience rap," Carothers cautioned the audience, because while experience can help avoid mistakes, it can also get in the way. If one definition of creativity is solving a problem in a way it has never been solved before, then "experience can prevent breakthroughs because people already know how to solve the problem." He said there is a "window of opportunity" between the time when you are creative and fresh and when you have had too much experience.

Another kind of experience—life experience—however, is often a source of ideas for people. When Carothers was a political science major at Berkeley and concerned about being drafted during the Vietnam war, he wrote and marketed a book about military options.

Because finding the right timing for an idea is essential, Carothers suggests getting "a back burner." He tried to market a movie idea about the govern-

ment faking the trip to the moon to beat the Soviets, and was met with the response, "What? The government lie?" A similar movie was eventually produced, but not until after Watergate had eroded the public's perception that the government was always credible.

Feel free to talk to companies about your ideas, Carothers suggests. "You can sell ideas to a lot of companies. I talk to everybody who calls me up," he said. "Don't be too protective. Companies do not steal ideas."

He also suggested that people "parlay" past successes when talking to companies. When Carothers sold an idea for wastepaper baskets, he began his call by saying "Hi. I'm the guy who wrote the line, 'Life's a beach.'"

When launching a new idea, take advantage of free publicity, and remember that potential investors are buying you rather than the idea. "Enthusiasm, flash, sex appeal . . . that sizzle helps," said Carothers.

Finally, he said, to be an entrepreneur, you must have the stomach for rejections and failures and the ability to live with wondering where the next idea is going to come from.

## Entertaining the Twin Cities

by David Pink

"Entertainment is like any other business—you have to try to satisfy a customer," said Don Stolz, owner, producer and director of the Old Log Theatre for nearly all of its 51 years. He was one of a diverse group



Don Stolz

of panelists who discussed "The Business of Entertainment in the Twin Cities" during Business Day. Owners, producers and filmmakers in the Twin Cities, led by KSTP-TV's "Good Company" entertainment reporter Gary Lumpkin, explored entrepreneurship in the Twin Cities entertainment market.

Dudley Riggs, founder and owner of Dudley Riggs ETC and the Brave New Workshop, believes "live entertainment in our area is increasing." Stolz agreed, adding that, "Financially, the last two years have been the best ever at the Old Log Theatre." Glam Slam-owner Ruth Whitney sees the Warehouse District in Minneapolis "becoming a magnet for drawing people to live entertainment."

On the film scene, independent filmmaker Dan Appleby drew a different picture when he said, "For years we've been hearing that there's a burgeoning film industry in the Twin Cities, but it hasn't materialized." Appleby doesn't find that "the elements are here yet for a film industry." However, Bill Pohl, film producer and director of "Old Explorers," remarked that "we have significant production facilities in the Twin Cities area; Prince's Paisley Park studio attests to that. Of course," he added, "we're not going to replace Hollywood."

Concerning the prospects for establishing new entertainment ventures, Stolz said, "You would need substantial capital backing to break into the entertainment market nowadays." His remark brought a dissenting opinion from Mary Kelley Leer, founder-producer of Ruby's Cabaret, who noted that she "founded and maintains the cabaret on a shoestring budget."

Leer advises that anyone trying to start a new entertainment venture should "first find out what you don't know about starting such a business and



Mary Kelley Leer

then find out how to learn that." Leer spoke from personal experience. "Because no one offered a uni-

versity degree in producing live entertainment," she said, she "sought out a mentor" when she decided to become a producer. She was lucky enough to find one in Joseph Papp, founder-producer of the Public Theatre and the New York Shakespeare Festival in New York City. Leer said, "Papp is one of the few producers in the country who understand the dollars and cents of the business and the art of it—it's important to have one foot in art and one in reality. But the most important thing is not to listen to anyone who tells you that it can't be done; you've got to follow your dreams."

Stolz, perhaps remembering the Old Log Theatre's meager beginnings, softened his stance and spoke what sounded like fi-

nal words on the subject of live entertainment in the Twin Cities—at least as far as theatre is concerned. "Right now there are 187 theatre groups, including amateur, in Minnesota. We wouldn't be in this business if we weren't optimists."

## New-product development: How to succeed

by Karen Potter

At a Business Day concurrent discussion session, panelists Arthur Kydd (St. Croix Management Group, Ltd.), Molly Young (president, Name Tag), and Mark Kammerer (marketing manager, The Pillsbury Co.) shared their experiences and viewpoints regarding new-product development. All agreed that, although most new products fail, development is a fun and exciting field. The secret to enjoying the work, however, is to accept the high failure rate and then forget about it; otherwise, you'll waste valuable time and energy worrying about failing.

Here are other suggestions from the panelists:

One of the most important ingredients for success with a new product is market research. If you are familiar with consumers' needs, you'll be better able to develop a product to satisfy them. In addition, by staying in touch with the market, you can also tap into mature markets and possibly find opportunities there. You might discover new needs—consumers' needs *do* change—or find new ways to meet old needs.

Unless you're employed in a company's product development department, you'll need to finance your work. Oftentimes, entrepreneurs use their own money or borrow from family and friends. Bank loans and government programs are options, as well.

As you work with your ideas, it's important to stay focused on what you're trying to achieve. Remember that the best ideas are very simple and the more self-evident the value of your product, the more likely it is to succeed.

And how do you know if your idea is one of the great ones? Through market research (ask your consumers if they'll buy your product) and your own instincts. If you feel *very* strongly about your idea, have the conviction to pursue it, no matter what others may tell you.

## Public-event entrepreneurship

by Karen Potter

Peter Hedlund, from the Greater Minneapolis Convention and Visitor's Association; Karen Gruenberg, from Target Center; and Bob Jackson, from the 1991 Special Olympic Games, gave Business Day attendees an inside look at special-event planning in the Twin Cities. Many people may not think of event planning as an entrepreneurial endeavor, but success in special events requires talents and skills similar to those required for success in more traditional types of entrepreneurship.

Handling special events is more than a full-time job—60- and 70-hour weeks are the rule more often than the exception. In addition, it's usually a behind-the-scenes job and, though the event may get a lot of publicity, the people planning the event won't. Special-events planning offers many challenges and all three panelists described their work as "fun." Since it's a creative industry, you're constantly challenged to come up with new ideas; you have to stay fresh or your events will not succeed. There are constant changes associated with a special event and, consequently, you must be both assertive and resourceful to deal with problems as they arise.

In order for an event to work well, the people involved, the sponsors and the community must all be happy with the results. Consequently, strong marketing and customer service staffs are *very* important to a special-events planner. Those involved must consider the facilities available, local support for the event and potential experiences of the guests when deciding where to hold their event. On the other hand, Twin Cities officials often base their decision on whether to give permission to hold an event here on the economic impact it will have on the area.

The three panelists had very diverse educational and professional backgrounds. When asked how someone who is interested in events planning can get started, they recommended internships and volunteer work as excellent ways to get experience. **MMR**

# IN YOUR OPINION

## Here's what alumni think about a national energy policy

In the most recent *MMR* "In Your Opinion" survey, alumni told us what kinds of policies they think the government should establish as part of a national energy plan. A strong majority (77.3 percent) said they favored setting higher fuel efficiency standards for automobiles, and just over half of those polled support increasing the use of nuclear energy. Only one-third want to expand Alaskan oil drilling.

We also asked people completing the survey to tell us a little about their own energy consumption. We found that among alumni who commute to work, only 9 percent take public transportation and only 5 percent of the drivers participate in a car pool. But most (81.3 percent) say they're willing to change their habits to conserve more energy.

This survey, which was mailed April 10, is one of a series of opinion polls that we are conducting for the *MMR* to give you some insight into how other alumni feel about current issues.

Of the 600 surveys that were mailed, 203 were returned. Of these, 80.3 percent of respondents were married and 19.7 percent were single; 82.3 percent were male and 17.7 percent were female. The age of 24.6 percent of the respondents was under 35; 36.9 percent were between 35 and 49; 19.7 percent were between 50 and 65; and the remaining 18.7 percent were over 65 years of age.

The results of the survey follow. Because there were not significant differences in the responses between genders or age groups, the figures shown represent the percentage of responses for each answer for all respondents. *MMR*

❶ Do you think the U.S. should develop a national energy policy?			
Yes	93.2	No	3.4
		Not sure	3.4

❷ If yes, which of the following should be included?				
	Include	Don't Include	Not Sure	No Response
Developing alternative energy sources	90.1	0.5	2.0	7.4
Increasing nuclear energy use	51.2	19.7	20.7	8.4
Setting higher fuel efficiency standards for automobiles	77.3	7.9	7.4	7.4
Expanding Alaskan oil drilling	32.5	30.5	28.6	8.4
Developing technology to make U.S. oil drilling more cost effective	69.5	12.3	9.9	8.3
Increasing automobile gas taxes to encourage conservation	42.9	41.4	6.4	9.3
Increasing the cost of utilities to encourage conservation	16.3	57.6	15.8	10.3
Promoting conservation through means other than increased costs	82.3	3.9	5.4	8.4

❸ a. Do you commute to work?	Yes	75.4
	No	24.6
b. If yes, do you drive or take public transportation?	Drive	91.0
	Take public transportation	9.0
c. If you drive, do you car pool?	I usually car pool	5.0
	I usually drive by myself	95.0

❹ Has your family's domestic consumption of electricity and natural gas changed over the last year?				
	Increased	Decreased	Unchanged	Not sure
Electricity	18.3	14.3	63.5	3.9
Natural gas	14.3	23.2	58.1	4.4

❺ Has your family's consumption of automobile fuel increased or decreased over the last year?			
Increased	Decreased	Unchanged	Not Sure
16.7	27.1	55.7	0.5

❻ Are you willing to change your habits to conserve more energy?		
Yes	No	Already doing as much as possible to conserve energy
81.3	2.4	16.3

*This survey has been conducted with the assistance of Animle Quaye, '92 MBA.*



# CAMPUS NEWS

## Business Week mixes work and pleasure

Business Week 1991 followed tradition by offering activities with a serious bent and others just for fun. Special receptions, lectures and Business Day itself gave students opportunities to meet with company representatives and listen to speakers from the business community. The annual volleyball tournament, barbecue and Lip Sync and Talent Contest, on the other hand, gave everyone a chance to relax and have fun.



Jim Barbour



Jim Barbour



Jim Hansen

## MBA Lip Sync and Talent Contest raises \$1,000

It was hard to tell which was hotter, the record-setting April heatwave or the acts that performed in the MBA Association's second annual Lip Sync and Talent Contest. While the weather cooked, contestants sweated their way through acts that ranged from lip-synced ren-

ditions of "Girl You Know It's True," by the award-winning professional lip syncers Milli Vanilli, to the acerbic original composition "The MBA Blues."

MBA students, faculty and staff raised money for a worthy

cause while indulging in biting satire and good-natured spoofery. This year's contribution—to the tune of \$1,000—went to the Twin Cities Habitat for Humanity, which creates decent, affordable housing for families

with very low incomes. Habitat for Humanity depends upon volunteer labor (Jimmy Carter frequently wields a hammer for the organization) and donations of materials and funds to build new homes or to renovate vacant, run-down housing.

During the contest, Strategic Management Professor Bruce Erickson dispensed wit between acts the likes of The Seven Dwarfs from the Career Planning and Placement Office, The Musical Marketeers from the MBA Program Office, and Eric the Great's magic act.

The Go-Go's (first-year MBA students Peter Anderson, John Bernstein, Bruce Kuzma, John Rempfer and Jonathan Soh) took first place in the lip sync division without suffering so much as a run in their panty hose. The aforementioned "MBA Blues," written and performed by second-year MBA students Dave Hoffman and Dennis Williams, took first place in the original talent category.



Tom Foley

"The Go-Go's"



Tom Foley

"Dave and Dennis"

## Case study team competes in international tournament

For Carlson School undergraduates Barbara Braun, Grant Campany, Wendy Leighton and Dan Rickel, winter quarter was one of the most grueling yet rewarding quarters in their collegiate lives.

The four were members of

the Carlson School team that competed in the HBA International Case Tournament at the University of Western Ontario in London, Ontario in March. While the team didn't win the tournament, they were closely tied for first place,

according to the judges, who debated for an hour and a half to decide the winner. The students called the tournament a once-in-a-lifetime experience.

Minnesota was one of four schools in the tournament. Also competing were Virginia, which won first place for the second consecutive year, Notre Dame, and Luigi Bocconi from Milan, Italy. A team from Japan was there to observe.

The competition is a test of teamwork, analytical skill and verbal presentation ability. "A lot of emphasis is placed on verbal presentation, but what it comes down to is your analysis," Braun said. "You have to stand there and defend your ideas. So if you have stupid ideas it doesn't matter how well you talk. We worked well as a team."

## Speakers on campus

The following distinguished individuals from business and government visited campus this spring to speak to students, faculty and alumni.



**Minnesota Supreme Court Justice Sandra Gardebring** spoke to students at the Dean's Leadership Reception, a special luncheon hosted by the dean during Business Week to recognize student leaders.



**Carlson Companies' Juergen Bartels**, president of Carlson Hospitality Group, was the featured speaker at the Business Day evening banquet, presenting "Toward the Year 2000: Winning World Leadership in Travel and Hospitality."



**3M Executive Vice President Livio DeSimone** presented "Quality in Manufacturing" for the MBA Executive Speakers Series in April. DeSimone will become chair and CEO of 3M in October.



**Minnesota Governor Arne Carlson** gave a presentation to alumni of the Executive Development Center's Minnesota Executive Program at a reunion banquet in May.



**First Bank System Chair, President and CEO John Grundhofer** was the featured speaker at Spring Commencement, presenting "Achieving Success: You're in Charge."

## Summer Business Program in Lyon combines travel and learning

The Summer Business Program at the Université Jean Moulin Lyon III in Lyon, France is one of several programs sponsored by the Carlson School to give students experience in the issues facing business in today's fast-changing international marketplace. Started in 1988, the Summer Business Program, for master's students, offers a look at the modern business world from a European perspective.

This year 15 Carlson School master's students attended. Classes are scheduled every morning, and are taught in English by American and European instructors. This summer students took courses in "The Economics of the EEC," "International Marketing," and "International Accounting: Issues and Theory," the latter taught by Carlson School Associate Professor Gordon Duke. One Carlson School faculty member teaches in the program each summer. Students also traveled to Geneva to visit the GATT headquarters and the U.N., and visited some European companies.

Former participants said they found the courses challenging, and they felt the experience taught them on-the-spot skills valuable for future real-life encounters. "I learned what it would be like to try and conduct business when I don't command the language and am trying to understand another culture," said Denise Wilkins, '91 MBA.

## IR Program ranked number two in country

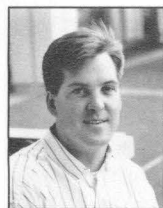
The Carlson School's Industrial Relations Program was ranked number two in the country in a survey recently conducted by Ohio State University. Faculty in industrial relations/human resource programs around the country were asked to rank the nation's top ten programs. Comments from respondents mentioned the strength of our faculty and said the Industrial Relations Center is "a breeding ground for future stars." The top-ranked school in the survey was Cornell.

Lyon is situated in a region of France famous for its wine. "Lyon is a beautiful city with lots of festivals and great food," said Wilkins. "It's a great way to learn."

## MBA student wins French essay competition

This year the Confederation Francaise de Industries du Tourism—the French Government Tourist Office—held an international essay competition on the image of France. Leading business schools in the U.S., Canada and Mexico were selected and invited to compete.

Joseph Gilligan, an MBA student, was one of seven winners of the competition. Gilligan is in his last year of the MBA program



Joe Gilligan

and this spring he graduated cum laude from the University of Minnesota Law School. Gilligan has benefitted from the Carlson School's international activities by taking part in an exchange program with Hautes Etudes Commerciales in Paris, and by pursuing a degree in European Community Law at the Université Jean Moulin-Lyon III.

As a winner of the competition, Gilligan received a one-week, all-expenses-paid trip to France and was recognized with the other winners at a press conference in France.

## French undergrads attend summer session classes

A group of 26 French undergraduates from Institut des Hautes Etudes Economiques et Commerciales attended classes at the University of Minnesota this summer as part of a program coordinated by the Carlson School Undergraduate Studies Office. Each student took two courses, primarily in the management, economics and political science areas. When the students first arrived on campus, the Business Board sponsored a tour and get-acquainted picnic for them.



Jim Hansen

Visiting French undergrads toured the campus shortly after arriving for summer session classes.

## Honors and awards

The Carlson School is happy to announce the following awards that were presented this spring: *Undergraduate awards*

### Tomato Can Loving Cup

**Award:** Trent Spurgeon

### Alpha Kappa Psi Tablet:

Virgil Garbers, Todd Williams, Sheila Saarela, Eric Knobel

### Business Association of Minorities Outstanding Achievement Award:

Todd Williams

### 3M Marketing Leadership

**Award:** Michele Rybak

### Pillsbury Scholarship

**Achievement Award:**

Cathy Lakota

### Wall Street Journal Award:

Michael O'Meara

### Delta Sigma Pi:

Allen Lueth, Kathy Ratz, Mark Vaupel

### Alpha Kappa Psi:

Greta Carlson, Michael Egan, Pam

Rymer, Brett Reynolds, Steve Alley, Allen Lueth, Mark Vaupel, Tim Amata, Kathleen Ratz

### Graduate awards

### Wall Street Journal Award:

David Alampi

### Field Project of the Year

**Award:** David Alampi, Elisa Cockburn, Sergio Fernandez-Truji, Bruce King

The winning team worked on a project at the Carlson Companies in frequency mar-

## Carlson School called "up and coming" by U.S. News & World Report

For the second year in a row, the Carlson School was on *U.S. News & World Report's* list of the top five "up and coming" business schools. The magazine's annual business school ranking, which was announced in the April 22 issue, is based on student selectivity, placement success, graduation rate, and recommendations of CEOs and top administrators at business schools.

Also for the second year in a row, the magazine ranked the school's MIS area the second best in the country.

keting. The judges were Alan Diamond, president and CEO of Frank B. Hall & Co. of Minnesota, Inc.; Brad Akason, partner, Coopers & Lybrand; and William Rosengren, senior vice president, general counsel and secretary of Ecolab Inc.

The **Recruiter of the Year** award was presented at Business Day to Larry Wheeler, vice president and general manager of the Pizza Group at The Pillsbury Company.



Trent Spurgeon



Todd Williams



Larry Wheeler

# FACULTY UPDATE

## APPOINTMENTS

**Mario Bognanno** has been appointed director of the Industrial Relations Center and chair of the Industrial Relations Department.

**John W. Budd** will be joining the Industrial Relations Center as an assistant professor, coming from Princeton University. His major fields of interest are labor economics, economic development and applied econometrics.

**Christina M. L. Kelton** is joining the Department of Marketing and Logistics Management as an assistant professor. Her major fields of interest are applied econometrics, quantitative methods, and industrial organization and location. She has been an associate faculty member in the Department of Economics at the University of Minnesota.

**Linda Gay Schneider** has joined the faculty as an assistant professor in the Department of Marketing and Logistics Management, coming from the Amos Tuck School of Business at Dartmouth College. Her research specialties are consumer choice, strategic marketing and artificial intelligence.

**Kingshuk K. Sinha** is joining the faculty as assistant professor in Operations and Management Science, coming from the University of Texas, Austin. His specialty is high-technology manufacturing.

**Kathleen M. Sutcliffe** has joined the Department of Strategic Management and Organization as an assistant professor, coming from the University of Texas, Austin. Her research interests are organizational decision making and strategic choice processes.

**Yijian Wang** is joining the Industrial Relations Center as assistant professor, coming from Harvard University. His research specialties are theory of the firm, comparative economic systems, monetary economics and the Chinese economy.

**Akbar Zaheer** has joined the Department of Strategic Management and Organization as an assistant professor, coming from the Sloan School of Management at MIT. His research specialties are strategy and information technology.

**Srilata Zaheer** has joined the Department of Strategic Management and Organization, coming from the Sloan School of Management at MIT. Her research interests are strategy and organization in international management.

ral Affairs for a study on "Urban-Rural Differences in Nurse Labor Supply," with C. Mahoney. The grant was one of three CURA grants awarded.

**John Dickhaut** received a grant from NSF to study the ability to induce preferences in the laboratory.

**Gordon Everest** has received grants to conduct a survey of object-oriented DBMS vendors and developers, under the auspices of the ANSI/X3/SPARC/DBSSG Object-Oriented Database Task Group, a standards committee. He has developed and sent out 84 survey instruments, and is now analyzing the responses.

**Joseph Galaskiewicz** received a grant from the Program on Non-profit Organizations at Yale University for a study on "Twin Cities Nonprofit Organizations and Their Funding Environment."

**Paul Johnson** received a grant from IBM Corporation for "Smart Test Generation for Complex Devices."

**Cheri Ostroff** received the 1991 Minnegasco/Paul Doelz Faculty Enrichment Award for "Validation of Hiring Procedures and the Relationship Between Job Performance, Personal Characteristics, Satisfaction and Commitment of Employees."

## Teaching awards

**Balaji Chakravarthy** received the Rosebowl Award for teaching excellence in the Executive Development Center's programs.

**Bruce Erickson** received the Carlson School's annual Teacher of the Year award.

**Jim Gahlon** is the first recipient of the Curtis Cup Award, a new teaching award initiated by this year's CEMBA graduating class, to honor the teacher that CEMBA students most appreciated throughout their program. It will be awarded every year and will be based on voting by the graduating class.

**Tim Nantell** received the 1991 Teaching Award from the School of Public Health. He teaches in their Master's in Hospital and Health Care Administration Program.

**Ray Noe** has received the Herbie Award, named for Herbert G. Heneman Jr., and awarded by Iota Rho Chi, the professional fraternity of industrial relations graduate students.

**Peter Rosko** received the annual Finance Teacher of the Year Award, given by the Student Accounting and Finance Association.

**Terry Tranter** received the Department of Accounting's Green Eyeshade Award.

## PROMOTION AND TENURE

**Balaji Chakravarthy** was promoted to full professor, in the Department of Strategic Management and Organization.

**Salvatore March** was promoted to full professor, in the Department of Information and Decision Sciences.

**Ray Noe** was promoted to associate professor with tenure, in the Department of Industrial Relations.

## RESIGNATIONS

**Ehsan Feroz** has accepted a position as tenured associate professor of accounting at the University of Minnesota-Duluth, beginning this fall. He wishes to thank all faculty, students and staff members "for their cooperation and collegiality over the last two years."

## NEW GRANTS

**Dennis Ahlburg** received a grant from the Center for Urban and Ru-

## PUBLICATIONS

**Dennis Ahlburg**, "Remittances and Their Effect on the Economies of Tonga and Western Samoa, *Report for the World Bank*, 1991.

**Richard Arvey**, "Motivational Components of Test Taking," *Personnel Psychology*, 1990.

**P. George Benson**, *Statistics for Business and Economics*, 5th ed., with J.T. McClave, Dellen Macmillan Publishing Co., 1991.

**Mario Bognanno**, "An Overview: The Future Roles for Unions, Government and Industry in Industrial

Relations," with M. Kleiner, *Industrial Relations*, forthcoming; *Labor Market Institutions and the Future Role of Unions*, co-edited with M. Kleiner, Basil Blackwell, forthcoming.

**Norman Bowie**, "Business Ethics as a Discipline: The Search for Legitimacy," in *Business Ethics: The State of the Art*, R.E. Freeman, ed., 1991.

**Larry Cummings**, with B. Staw (eds.), *Research in Organizational Behavior*, vol. 13, JAI Press, 1991.

**Joseph Galaskiewicz**, "Interorganizational Contagion in Corporate Philanthropy," with R.S. Burt, *Administrative Science Quarterly*, 1991.

**Arthur Hill**, "An Experimental Comparison of Dispatching Rules for Field Service Support," *Decision Sciences*, 1992; "Batching Policies for a Repair Shop with Limited Spares and Finite Capacity," with R. Chua and Gary Scudder, *European Journal of Operational Research*, forthcoming.

**John Hughes**, "The Role of Audits and Audit Quality in Valuing New Issues," *Journal of Accounting and Economics*, 1991; "Economic Implications of Alternative Accounting Rules for Research and Development Costs," *Contemporary Accounting Research*, 1991.

**Paul Johnson**, with S. Grazioli, I.A. Zualkernan, and K. Jamal, "Success and Failure in Expert Reasoning," *Organizational Behavior and Human Decision Processes*, forthcoming; with L.K. Kochevar and I.A. Zualkernan, "Expertise and Fit: Aspects of Cognition," in *Cognitive Psychology: Concepts and Methodological Issues*, P.W. van den Broek, H.L. Pick, Jr., and D. Knill (eds.), American Psychological Association, Washington D.C.

**Michael Keane**, "On the Estimation of Panel Data Models with Serial Correlation when Instruments are not Strictly Exogenous,"

## Carlson School faculty on team winning library research award

Staff from the University of Minnesota Libraries, the Carlson School of Management and the Humphrey Institute of Public Affairs have won the 1990 Special Research Award given by the Association for Library and Information Science Education. An interdisciplinary team supported by a grant from the Council on Library Resources studied issues involved in integrating administrative and scholarly information services in an academic setting. The team developed a model Integrated Information Center for the university and has recently received a three-year HEA Title II-D grant to implement the model. The research papers describing the team's efforts and findings were published in the March 1991 issue of *Journal of the American Society for Information Science*.

Members of the interdisciplinary team include Kathleen Fouty, James Cogswell and Joseph Brannin from University Libraries; Carl Adams, George D'Elia, Detmar Straub, Cynthia Beath and Rosann Collins from the Carlson School;

Charles Finn and Richard Bolan from the Humphrey Institute; Nancy Rohde from the College of Liberal Arts; and Warren Rees from the Law Library.

The Integrated Information Center (IIC) provides, through a set of linked networks, both scholarly and administrative information resources and services; communications gateways to other networks within and outside of the university; sharable resources such as computerized storage devices and software applications; and essential human resources for providing services such as reference, database searching, information resource management, consulting and training. The project will also evaluate the effectiveness of the IIC as a delivery system for information services in a networked environment and investigate the administrative, financial and personnel issues surrounding the integration of scholarly and administrative information services.

with D. Runkle, *Journal of Business and Economic Statistics*, 1992.

**Bong-Soo Lee**, "Simulation Estimation of Time Series Models," with B. Ingram, *Journal of Econometrics*, 1991; "On the Rationality of Forecast," *Review of Economics and Statistics*, 1991; "Causal Relations Among Stock Returns, Interest Rates, Real Activities, and Inflation," *Journal of Finance*, 1991; "Government Deficits and the Term Structure of Interest Rates," *Journal of Monetary Economics*, 1991.

**Brian McCall**, review of *Multi-Armed Bandit Allocation Indices*, by J. Gittins, *SIAM Review*, 1991.

**Paul Sackett**, "On Interpreting Measures of Change Due to Training or Other Interventions," *Journal of Applied Psychology*, forthcoming; "Outlier Detection and Treatment in I/O Psychology: A Survey

of Researcher Beliefs and an Empirical Illustration," with J. Orr and C. Dubois, *Personnel Psychology*, forthcoming; "Employment Testing and Public Policy: The Case of the General Aptitude Test and Battery," with A. Widgor, in *Personnel Selection and Assessment: Organizational and Individual Perspectives*, H. Schuler, J. Farr and M. Smith (eds.), Erlbaum Publishing.

**James Wetherbe**, "Executive Information Requirements: Getting It Right," *MIS Quarterly*, March 1991; with J. Brancheau, "The Adoption of Spreadsheet Software: Testing Innovation Diffusion Theory in the Context of End-Use Computing," *Information Systems Research*, forthcoming; and with M. Alavi, "Mixing Prototyping and Data Modeling for Information Systems Design," *IEEE Software*, May 1991.

**Mahmood Zaidi**, "Some Reflections on Theories of Unemployment in the North American Context," *The North American Review of Economics and Finance*, 1991.

## NEW EDITORIAL APPOINTMENTS

**Norman Bowie**, to the editorial review board of the *Business Ethics Quarterly*.

**Joseph Galaskiewicz**, to the editorial board of the *Sociological Quarterly*.

**Paul Sackett**, to the editorial board of the *Journal of Applied Psychology*.

**Sadao Sakakibara**, to the editorial review board of the *Journal of Operations Management*.

## HONORS AND ACTIVITIES

**Dennis Ahlburg** will consult with the Commission for Higher Education, Papua New Guinea, on development of business studies and industrial relations programs.

**Carl Adams** was elected to a one-year term on the University of Minnesota Committee on Committees.

**P. George Benson** was the program co-chair for the NSF-NBER seminar on Bayesian Inference in Econometrics and Statistics. He has also been elected president of the University of Minnesota Golf Club, and to the board of directors of the Minnesota Public Golf Association.

**Mario Bognanno** was elected by the university faculty to a three-year term on the Senate/Faculty Consultative Committee.

**Larry Cummings** was elected dean by the Fellows of the Academy of Management. He was also appointed chair of the Committee on Faculty-Staff Relations, Wabash College Board of Trustees.

**John Dickhaut** was named area director of financial accounting for the Economic Science Association.

**Gordon Everest** served on the Program Committee as Technology Track chair for the 1991 Minnesota Joint Computer Conference and chaired a panel session on "CASE User Experiences" at the conference. He was appointed acting chief information officer by the University of Minnesota and chair of the university-wide Task Group on Access to and Proper Use of Information Resources. The purpose of the task group is to study the issues, review legislation and policies of peer institutions, and formulate policy recommendations for the Information Policy Committee.

**Arthur Hill** will be teaching in the Executive Development Program at the Wits Business School in Johannesburg, South Africa (The Wits school is racially integrated.) He will attend a meeting of the Global Manufacturing Research Group in Budapest, Hungary, where he will participate as a board member and present a paper comparing Western and Soviet manufacturing systems.

**David Kelton** has been named to the board of directors of the Winter Simulation Conference, representing the Operations Research Society of America.

**Kevin McCabe** taught "The Anatomy of a Market" in the Summer Honors College for High School Students program. This is the first time the Carlson School has been represented in this program, under which honors high school students take classes on campus for three weeks. The course included sessions in the experimental markets laboratory.

**Andrew Van de Ven's** book *Research on the Management of Innovation* (co-edited with Harold Angle) has been chosen as a finalist for the 1991 George R. Terry Book Award competition, sponsored by the Academy of Management. The book contains results of research conducted under the Minnesota Innovation Research Project.

## PRESENTATIONS

**Dennis Ahlburg**, "Population Growth and Economic Development in Papua New Guinea," to be presented at the Waigani Seminar, University of Papua New Guinea.

**Richard Arvey**, "Genetics, Twins, and I/O Psychology," address to the annual conference of the Society of Industrial and Organizational Psychology.

**P. George Benson**, "A Cognitive Analysis of Subjective Probability," with **Shawn Curley** and **Gerald Smith**, at the NSF-NBER seminar on Bayesian Inference in Econometrics and Statistics, St. Paul.

**Norman Bowie**, "Moral Dilemmas and Corporate Responsibility," at the conference on Moral Dilemmas: Theory and Practice, University of Minnesota.

**Larry Cummings**, with Gardner, Pierce and Dunham, "Determinants of Focus of Attention at Work: A Causal Analysis of Individual Differences," to be presented at the 1991 Academy of Management Convention in August.

**Gerardine DeSanctis** presented "An Overview of the Minnesota Group Decision Support System

Research Project" at the University of Texas at Austin; and, with **Gary Dickson**, at the University of Colorado at Boulder.

**Gordon Everest** presented "Object-Oriented Database Management Systems—A Survey," to the Twin Cities chapter of the IEEE Computer Society.

**Ehsan Feroz**, with K. Park and V. Pastena, "The Financial and Market Effects of the SEC Enforcement Actions," at the *Journal of Accounting Research* conference; with V. Carpenter, "GAAP as a Symbol of Legitimacy: A Field Study of the Decision of the State of New York to Adopt GAAP for External Financial Reporting," at the IPA Conference, University of Manchester, U.K.; with L.D. Brown, "Corporate Impact on FASB Decision Making: The Case of Gipla," to be presented at the Annual Meeting of the American Accounting Association.

**John Hughes**, "Stock Price Effects of U.S. Trade Policy Responses to Japanese Trading Practices in Semiconductors," at New York University.

**Bong-Soo Lee**, "Government Deficits and the Term Structure of Interest Rates," at the Winter Meetings of the ASSA; "Stock Price and Permanent and Temporary Shocks to Dividend," at the 1991 Far Eastern meetings of the Econometric Society, Seoul.

**Michael Keane**, "On the Estimation of Panel Data Models with Serial Correlation when Instruments are not Strictly Exogenous," to the American Statistical Association Meetings, 1991.

**James Wetherbe** presented "The James Wetherbe Seminar on Systems Development: Agenda for the 1990s," a two-day management seminar for information systems and business professionals for the Association for Systems Management. **MMR**

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## Carlson School "investors" show big gains in AT&T Investment Challenge

The Carlson School finished 9th out of 864 schools in the 1990-91 AT&T Collegiate Investment Challenge (formerly known as Wall Street Games). Only Michigan State University had more participants in the investment simulation than Minnesota, which had 116. Nathan Smith, a junior, was the top Carlson School finisher with a gain of 112 percent on his \$500,000 investment. MBA student Tim Blumentritt was the school's second-place finisher with earnings of 93 percent. Both Smith and Blumentritt finished in the top one percent of national participants. Bob Van Cleave, instructor in Information and Decision Sciences, finished second nationally in the educators division. Undergraduate Studies and the Business Board sponsored the competition at the Carlson School.

# ALUMNI NEWS

## From the president

by John Bergstrom, '85 MBA

Alumni have been busy this spring and summer. An International Forum held on May 21 featured "Opportunities in the International Marketplace: Tips on Preparation or Career Transitions." A seminar sponsored by the Programs Committee on "Careers in a Rapidly Changing Corporate World" was presented on May 29. On May 30 the Alumni Council treated current MBA students to a reception and barbecue. In June the new Quarterly Alumni Luncheon Series featuring prominent community leaders as speakers began.

The annual Alumni Leadership Workshop has been scheduled for Saturday, September 14. This event provides a forum for setting an agenda for alumni activities in the coming year, for establishing committees, and for getting an update on Carlson School issues. This year's workshop will be held from 8:30 a.m. to 12:00 noon in the Management Conference Center.

The Alumni Council is sorry to announce that Programs and Services Committee Co-chair Tom Whaley will be leaving the council due to a job relocation. Tom has served the council for several years and has been personally responsible for organizing dozens of programs and social activities. Best wishes, Tom!

## New policy on event mailings

This spring a new policy was started to mail announcements of events to alumni who are members of the Minnesota Alumni Association (MAA) and/or those alumni who specifically request to be included on the mailing list. With over 17,000 Twin Cities Carlson School alumni, a complete mailing is prohibitively expensive, but we hope that this new policy will allow all interested alumni to receive every mailing sent out. All 25,000 Carlson School alumni throughout the country and the world will continue to receive the *MMR*, where alumni events are also publicized.

If you wish to receive announcements of upcoming events, and you are not a member of the MAA (although we encourage you to become a member), please call Jeanne Katz at (612) 625-1556.



The Alumni Council sponsored the MBA Association's weekly TGIT barbecue on May 30—a date chosen to give students a little tender loving care before finals.

'49 **Richard Thorsen**, BBA, is chair of the management committee at the CPA firm of Charles Bailly & Company's office in Minneapolis, and he will complete his term in the fall. He has also been appointed firm-wide director of taxes. Mr. Thorsen received the Beta Alpha Psi Alumnus of the Year award at the Rho Chapter's annual spring banquet.

'52 **Richard H. Tschudy**, BBA, died of cancer on May 20. He was president and co-founder of Investment Advisers Inc. in Minneapolis.

'55 **Harry Hammerly**, BSB, has been named executive vice president of International Operations at 3M, in St. Paul. He has been with 3M since 1955. He spent several years in the controller function and international operations before being elected vice president of Finance, vice president of Europe and then executive vice president of the Industrial and Electronic Sector.

'68 **Stephen Huemoller**, BSB, has been general manager at Cargill, Inc., in Florida. He writes, "1991 promises to be an interesting year for the Huemollers. Our oldest daughter graduates from high school and after four wonderful years in Florida, we are on our way to Caracas, Venezuela. Cargill has another business for me to run in the Oilseed Processing Division."

'70 **Richard Ballantine**, MBA, is vice president of administration responsible for accounting, audit, MIS, contracts, and government relations in the Aero Division of Rosemount Inc. in Burnsville, Minn. He has been at Rosemount for 13 years.

'72 **Stephen Bakke**, MBA, has been promoted to executive vice president at Republic Acceptance Corporation of Minneapolis.

**Herbert D. Ihle**, BSB, was named senior vice president for finance, and controller at Northwest Airlines, in St. Paul.

'74 **Terry Moltumyr**, BSB, is a computer systems analyst/programmer for the U.S. Postal Service in St. Paul. Terry has been involved in the computer industry since graduating and has worked for the Federal Government in several capacities. He is married and has four children—the oldest in college and the youngest about to start high school.

'75 **Robert Gillman**, BSB, has been named to the position of vice president at Brad Martin and Associates Inc. of St. Louis Park, Minn. He was previously senior recruiter for Andcor Human Resources in St. Paul.

**Thomas R. Hanson**, BSB, was recently advanced to associate professor of business administration at Concordia College in St. Paul, and has been selected for tenure. He and his wife are expecting their fifth child in October.

'76 **Kay Barber**, MBA, is manager of planning and analysis for Next Computers, Redwood City, Calif.

**Robert O. Erickson**, '67 BSB, '76 MBA, has been named senior vice president for finance at the University of Minnesota. Mr. Erickson was appointed by the Board of Regents after a search committee chose him from among 415 candidates. He was formerly vice president for strategic planning at Super Valu.

**Todd Johnson**, BSB, and **Timothy Oliver**, BSB, have recently formed the law firm of Oliver and Johnson, P.A. with offices in Minnetonka, Minn. The new firm's practice will center on commercial, corporate and real estate law. Oliver will continue as a principal of The Prism Companies, a full spectrum commercial real estate firm. Johnson, a real property law specialist certified by the Minnesota State Bar Association, was formerly with Gislason, Dosland, Hunter and Malecki law firm in Minnetonka.

**'78 David Aune**, BSB, has been named chief operating officer of Maun and Simon in St. Paul. Prior to this, Aune was manager of financial planning and reporting for Cowles Media Co.

**Lloyd D. Johnson**, BSB, is the owner and proprietor of Johnson and Company, a CPA firm in Spring Valley, Minn.

**'80 James E. Richard**, BSBA, has been promoted from director of the Western Division to general manager of Field Sales at Reebok, USA, in Stoughton, Mass. He is responsible for footwear and apparel sales, and field marketing and promotions organization.

## New quarterly luncheon speakers series launched

The Alumni Council launched a new series of luncheon programs in downtown Minneapolis that give alumni a chance to get together, have lunch and hear business leaders speak on topics of current interest. The first program, on June 26, featured E. Peter Gillette, commissioner of the Minnesota Department of Trade and Economic Development. Upcoming programs will be held on October 9 and December 11, at the Radisson Plaza Hotel, 35 S. 7th St., Minneapolis. They will run from 11:30 a.m. to 1:00 p.m. For more information or to receive an announcement for this and other events, call 625-1556.

**'81 Fereshteh Azad**, MBA, is a self-employed management systems consultant in Lisle, Ill. Azad was a consultant in Dallas and Indianapolis before moving to the Chicago area. She is currently taking care of her one-year-old son, Anthony, and will return to work within a year. Azad has a message for her classmates, "Wake up class of '81 and tell us about yourselves!! It will be our 10-year anniversary soon. Let's get together in Minneapolis, Love F.A."

**Susanne Heimbuch**, BSB, has joined the corporate offices of Metropolitan Finance Corporation, Minneapolis, as manager for corporate and investor relations.

**Paul W. Maahs**, BSB, is an assistant vice president at Norwest Bank Minnesota.

**M. Bentley Patterson**, MBA, left Price Waterhouse in Houston to join Ernst & Young in Seattle as a manager in the Information Systems-Life Cycle Service Practice. He married Kim Aaron in 1988.

**Karen Peterson Ford**, MBA, is account vice president and regional director for American Express, in Minneapolis, and continues to sell incentive programs to major corporations. Her third son, Peter William, was born on Halloween.

## Preparing for international business

In May the Alumni Council sponsored a forum on "Opportunities in the International Marketplace: Tips on Preparation or Career Transitions." The speakers were Bruce Erickson, Carlson School professor of Strategic Management and Organization; Paul Stephenson, manager of Corporate Financial Audit at Honeywell; Randi Yoder, associate dean of External Affairs at the Carlson School; and student representatives from IESEC. They presented the following tips for anyone interested in moving into a career in international business:

- Think globally in *all* your activities. For example, read international publications, attend forums on international topics, and join international organizations.
- Learn a second language. You'll also learn about the culture and its sensibilities, which will give you an edge over your competition by increasing your ability to deal with intercultural differences.
- Join a company with substantial international activities or look for opportunities in trade offices (state or federal) or with the United States government.
- Let others know that you are interested in an international career. Bring up international topics in conversation and volunteer for special or temporary assignments dealing with international issues.
- Have an area of expertise. In the international marketplace you need to specialize in a specific area, such as marketing, finance or information systems. "International business," by itself, is *not* a specialization.
- Be realistic about working abroad. Know where you'll be satisfied staying for several years, what kind of challenges you're after, how international work will fit into your career, and how living overseas will affect your family.

**'82 Steven M. Bailey**, BSB, is a customer account manager for Moore Data Management Services, a computer printing company, in Minneapolis. Steve moved to Dayton, Minnesota in April. He and his wife are expecting their second child in August.

**Milind Bhat**, MBA, is a regional service manager for IDS Financial Services, in Minneapolis. Milind would like to re-establish contact with his MBA friends. He can be reached at (612) 379-4520.

**Gary Kleist**, BSB, has been named controller and treasurer at Minnesota Mutual Fire and Casualty Co., in Minneapolis. He was previously senior manager at KPMG Peat Marwick.

**Patrick McCarthy**, '82 BSB, '89 MBA, was recently promoted to national accounts credit manager for Ecolab Inc. in St. Paul.

**Michael J. Schroeder**, BSB, is senior vice president for First International Asset Management in Naples, Fla. He graduated from the College for Financial Planning and earned his CFP in April.



'83 **Jeffrey S. Hagerman**, BSB, is regional sales manager for EBP Inc. in Minneapolis.

**Doug Henrich**, MBA, is director of developer relations for Microsoft Corporation in Redmond, Wash.

'84 **Paul J. Gam**, BSB, has been appointed to the Governor's Advisory Committee on Appointments. The committee is responsible for advising the Governor on appointments to over 150 state boards, commissions and councils. Paul is also vice president of finance at U.S. Directives in Minneapolis (see page 9).

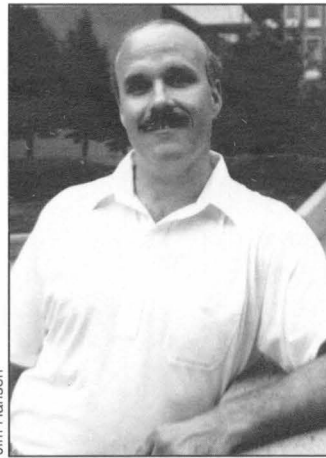
**Scott Singer**, Econ., passed away on September 27, 1990. He was

walking on a sidewalk and was struck by a car that swerved out of control. Scott was married to Connie (Schweitzer) Singer in 1988. He received his M.S. from Carnegie Mellon University in 1986 and was close to finishing his Ph.D. from the Wharton School of Business at the time of the accident.

**James H. Sleezer**, MBA, is coordinator of Instructional and Technological Support Services at the College of Education, Penn State University, in University Park, Penn.

**Darrell G. Tilleskjer**, '83 BSB, '84 MBA, was recently promoted to manager of corporate strategic planning at Medtronic Inc. in Fridley, Minn. He was previously a senior acquisitions analyst within corporate development.

## Chuck Geist, '91 MBA Going the extra mile for an MBA



Chuck Geist, an evening MBA student, commuted to class from out of town for six quarters. This wouldn't be that unusual, given the broad reach of the Twin Cities metro area, except that Chuck commuted by plane—from Utah.

Why would anyone go that many extra miles for a degree? Part of the answer, according to Chuck, is that "the Carlson School is a good, highly rated program, so I was willing to make the effort to get here." The rest has to do with circumstances.

Chuck began the evening MBA program in 1982, when he was working in Minneapolis as district sales engineer for Rexnord Inc., a manufacturer of conveying equipment. He had completed five courses when he was transferred to Livermore, California.

By the time Chuck had gotten his feet on the ground in California and began looking into MBA programs in the area, he was transferred again, this time to Salt Lake City. Once again, after getting his job in order, he checked into the possibility of completing his degree through the University of Utah. But theirs was a three-year program, which made it difficult to transfer credits.

Determined to finish his degree and mindful of the University of Minnesota's seven-years-to-graduate rule, Chuck called the Carlson School to see if he could get back into the program. He was accepted, and given two more years to finish the eight courses he had left. It helped that his wife Jennifer works for a major airline, so the commute would be affordable.

"I began attending class one day a week," he said. His boss gave him one-half day off a week to go to school. He'd take a noon flight out of Salt Lake City, getting to Minneapolis in time to check into a hotel, rent a car and make it to a 5:30 class. After class, he'd have dinner and go to the hotel and study. He'd catch an 8:00 a.m. flight the next morning, and get to work by 9:30 a.m. "I did this for six quarters straight and only missed two or three classes," he said. "My instructors thought I was nuts."

Last winter a new job opportunity brought Chuck, thankfully, back to Minneapolis, when he became a regional sales manager for Kaydon Corporation, a bearing manufacturer. "But even then, I traveled a lot and still had to juggle my time to be in town for class," he said. "Sometimes I'd end up being in Iowa on a class day, and have to make sure I'd get back in time." In fact, in spring quarter he had to take his final early because of a work conflict.

"Actually," he said, "the Carlson School faculty and administration have been just super about helping me work around my unusual commuting arrangements. One time I took my final by fax." Telecommunications tools also helped when working on group projects, and his classmates accommodated by holding group meetings before or after class.

Chuck has one more quarter to go and then he can graduate. Let's hope he's in town for Commencement.

## Welcome to new Presidents Club members

The Carlson School is proud to announce the following new members of the Carlson School chapter of the University of Minnesota Presidents Club:

**Carter Comaford**, a 1959 MAIR graduate who currently resides in Palos Verdes, Calif., and his sister **Carolyn Comaford White**, have joined the Presidents Club in memory of their parents Ralph and Zola Comaford. Part of their gift has been designated for the Industrial Relations Center.

**Ronald Everson**, '51 BSB, is vice president and resident manager at Smith Barney Harris Upham & Co., in St. Paul. He has designated his gift to International Program Development at the Carlson School.

**Mike Garbisch**, '77 MBA, and **Carol Garbisch**, '91 BSB. Mike is a securities analyst at IDS. Carol, who had been at home raising their children, recently returned to school to complete her degree. While a student, she was active in student organizations and in Business Day.

**Rolland Glessing**, '68 BSB, is with Commercial State Bank, based in St. Paul, and is manager of the bank's Minneapolis branch.

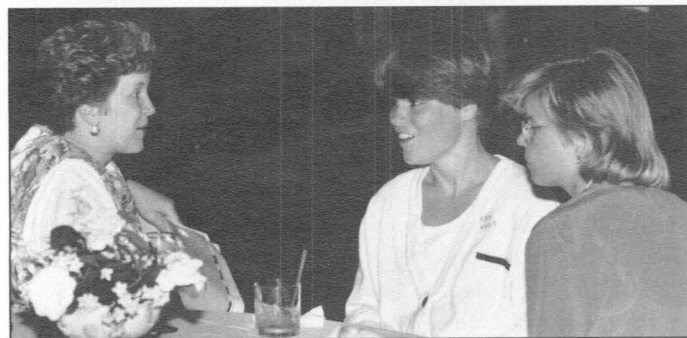
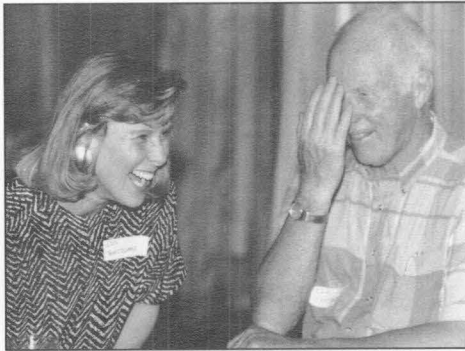
Presidents Club members contribute at least \$1,000 a year for ten years, or give a minimum deferred gift of \$25,000. Members receive a plaque in recognition of their gifts and their names are inscribed on a plaque in the lobby of Northrop Auditorium. They are recognized throughout the year at special University of Minnesota and Carlson School Presidents Club events.

Thank you and congratulations to our new members.



## '86 MBA class reunion

Graduates of the MBA class of 1986 got together for a five-year reunion in June. The following photos were taken at the gathering, at the Union Depot in St. Paul.



Photos by Jim Hansen

**'85 Michael Bromelkamp**, MBA, has been named vice president at Bergren, Holmgren and Loberg Ltd. in Burnsville, Minn. He was previously corporate controller of I.C. System Inc. of Vadnais Heights, Minn.

**Pamela Stegora Hackett**, MBA, is manager for network planning at US WEST in Minneapolis.

**Dan Keefe**, BSB, is a project coordinator for the Disney Development Co. in Orlando, Fla. He is currently assigned to Disney's Boardwalk retail and entertainment project.

**Seung Y. Kim**, MBA, is president of Myuung Kwang Industrial Co., Ltd. in Seoul, Korea.

**Darrell E. Sykes**, MMI, is senior vice president and chief financial officer at Ellerbe Becket in Minneapolis.

**'86 Paul Finsness**, MBA, is principal at Paul Finsness Architects in St. Paul. Paul recently surveyed over one hundred State of Minnesota facilities for access-

ibility to the disabled, as a consultant for the state's Access '92 program.

**H. Brandon Guest**, '86 MBA, and his wife **Colleen**, '88 MBA, announce the birth of their second child, Elizabeth Ann, on February 24. Brandon is a computer systems consultant at Empros Systems International in Plymouth, Minn. Colleen is a production engineer with Honeywell's Building Controls Division.

**Stephanie Murray**, BSB, is a CPA at Mazanec, Bauer, Olson and Co. Ltd., in Eagan, Minn.

**'87 Kim Boylan**, MBA, has accepted a position as assistant professor in accounting at Drake University, starting in January 1992. She is currently a doctoral student at Florida State University, Tallahassee, Fla.

**Wil Heupel**, MBA, a principal of Accredited Investors, Inc., has earned the Chartered Financial Consultant diploma and professional designation from The American College, in Bryn Mawr, Penn. Accredited Investors is located in Minneapolis.

**Steven B. Johnson**, '84 BSB-Acct., '87 MBA, is working as an investment banker in the Public Finance Department of Dain Bosworth, where he was recently promoted to associate vice president. His second son, Grant, was born on April 26.

**Leyla G. Kassem**, BSB, is now a chartered financial analyst of the Institute of Chartered Financial Analysts. Leyla also serves on the Alumni Council's Fund-raising Committee.

**Susan Lindholm**, BSB, and **Robert Bushman**, '89 Ph.D., were married in 1988. They live in the Chicago area, where Robert is an assistant professor at the University of Chicago's Graduate School of

## Give us your news by fax!

Use the form in the MMR or type complete information on a separate piece of paper, and send it in care of Jeanne Katz, director of Alumni Relations, (612) 624-6374.

Business. Susan is currently at home with their new son, Max.

**Christopher J. Moore**, BSB, is a unit manager for Discover Card in Scottsdale, Ariz.

**'88 Naina Chabria**, MBA, is senior business analyst for American Management Systems, in Arlington, Va.

**Steven Croegaert**, MBA, is management information systems coordinator at Willmar Poultry Co. in Willmar, Minn.

**K. Espen Fjermeros**, MBA, is the business manager of Norse News Inc. in New York City.

**Joseph H. Moore**, BSB, has passed the Certified Management Accountant Exam. He is general accountant for MTS Systems Corp., in Eden Prairie, Minn.

**Dean Ramos**, MBA, has joined Dain Bosworth Inc. of Minneapolis as vice president of corporate planning and analysis. He was previously with Dayton Hudson Department Stores as a senior financial analyst.

**Mark A. Scott**, '83 BSB, '88 MBA, was recently promoted to product manager, New Freedom® Feminine Products, at Kimberly-Clark Corp., in Neenah, Wis.

## Peggy Quirk, '92 MAIR Preparing for a culturally diverse workplace



Jim Hansen

Peggy Quirk believes that to understand other people, you need to know the culture they come from. She hopes to build a career around helping managers learn how to get along at work with people from many cultures, and will spend two months in Japan this summer as a Japan Fellow with this career goal in mind.

The Japan Society, which is dedicated to cross-cultural understanding, awards eight Business Fellowships a year to give selected MBA students an opportunity

to observe business practices in Japan. Although Peggy is enrolled in the school's Master of Arts in Industrial Relations program, her study and career goals matched the Japan Society's goals and those of Hitachi, her host company for the summer.

Peggy's base at Hitachi is the International Human Resources Department at the company's central research facility. She will be able to move around the company, observing how they manage human resources. "Japanese companies are known for being loyal to their employees," she said. "They are committed to a long-term relationship. I'm interested in seeing what kind of effects that has on the workforce."

She also wants to look at the issue of women in the workforce in Japan. "One thing that I think the Japanese can learn from us is how to value women and minorities more," she said. "Also, we tend to value the individual more than the group. In Japan, there's a culture of team consensus-building. I think it would be to their advantage to balance their group orientation with more value on personal innovation—allowing individuals to take more risks."

This will not be Peggy's first experience in cross-cultural understanding or her first trip to Japan. While an undergraduate at the University of Wisconsin-Whitewater, she spent a summer in Kyoto teaching English. After graduation, she worked in Madison, Wisconsin, and volunteered with the International Student Program at the university there, setting up partnerships between foreign students and sponsoring families.

Since coming to the Twin Cities, Peggy and her husband became members of the Minnesota International Center, which matches foreign students and families coming to Minnesota with American families, who spend time helping them adjust during their first weeks here. "My fellowship in Japan will give me the experience of being a minority in another culture, which should help me understand what it's like for people who come to this country," she said.

Peggy will begin an internship at General Mills this fall and after graduation is considering developing a career in cultural diversity training. "Demographics show that the workforce is becoming more diversified, and more globalized," she said. "This kind of training will be needed to help people learn how to work together better, and foreign managers working in the United States will also need help integrating their management styles with American culture."

**Wayne R. Vohnoutka**, MBA, is electro-mechanical project engineer for General Electric Medical Systems in Milwaukee, Wis.

'89 **Sandra M. Borstad**, BSB, works in the commercial assets department of the Resolution Trust Co. in Phoenix, Ariz.

**Margaret R. Schneider**, BSB, is marketing technician for Dayton Hudson Department Store Co., in Minneapolis.

'90 **Frederick A. Akers**, BSB, is manager of maintenance support for NCR, in Dayton, Ohio.

**Macedonio Alanis**, Ph.D.-information and decision sciences, has joined the faculty at the University of Detroit.

**John Bohannon**, Ph.D.-finance, has joined the faculty at Tulane University.

**David Christopherson**, Ph.D.-insurance, has joined the faculty at St. Cloud State University.

**Chuck Densinger**, MBA, is a programmer-analyst for Target Stores in Minneapolis. He has a new daughter, Lauren Kelly, born August 1990.

**Christopher DeVaney**, MBA, is accounts receivable director at Arrowhead Hospital and Medical Supply in Duluth, Minn.

**Shantanu Dutta**, Ph.D.-marketing, has joined the faculty at the University of Chicago.

**Barbara Edwards**, Ph.D.-management, has joined the faculty at St. John's University, in Collegeville, Minn.

**Karin Fladmoe-Lindquist**, Ph.D.-management, has joined the faculty at the University of Utah, Salt Lake City.

**Bong-Oh Kim**, Ph.D.-information and decision sciences, has joined the faculty at the University of Nebraska, Lincoln.

**Phillip Kircher**, BSB, is account executive at Hayne Miller & Farni, in Minneapolis.

**Cedric M. Long**, MBA, is a financial analyst at Allison-Williams Company in Minneapolis. Cedric was married in August 1990. His wife, Karen Long, is an accountant with McGladney and Pullen, in St. Paul.

**Robert M. Mader**, MBA, is a systems administrator for The Pillsbury Company, in Minneapolis.

**Sumit Kumar Majumdar**, Ph.D.-management, has joined the faculty at the University of Michigan.

**Daron Meyer**, MBA, has founded Venture Computers, a company that produces and sells personal computers and local area PC networks. The company is located in Arden Hills, Minn.

## CEMBA graduates celebrate with cruise

The 1991 CEMBA graduating class celebrated their graduation on June 1 with a cruise on Lake Minnetonka and dinner at the Lafayette Club. Students, guests, faculty and administration attended, and faculty were honored for their contributions to the program.



## Alumni reception in New York

Carlson School alumni from the New York City area got together in June at the Dean Witter headquarters, located in the World Trade Center. Strategic Management Professor Bruce Erickson also attended, and gave a brief presentation. Randi Yoder, associate dean of External Affairs, and Jan Windmeier, director of the Career Planning and Placement Office, were also there. Arrangements for the reception were organized by George Golub, '87 MBA, the New York-Area Alumni Chair.



Photos by Jeff Christensen

**Natalia Lysyj Rieland, MAIR**, works for Dayton Hudson Department Store Co. as a human resources manager. She was recently promoted to the senior staff team at the Brookdale Store, in Minneapolis.

**Buddhavarap Ramamurtie**, Ph.D.-finance, is teaching at Georgia State University.

**Brent Ronning**, BSB, graduated from the U.S. Marine Corps Financial Management Officer's course

at Camp LeJeune, North Carolina in April. In May he began working in the Consolidated Financial Accounting Office at Marine Corps Air Station, Kaneohe Bay, Hawaii.

**Brian Shapiro**, Ph.D.-accounting, has joined the faculty at the University of Arizona, Tucson.

**Holly N. Spencer**, BSB, is currently employed as a staff accountant with the public accounting firm of Brooks, Stednitz and Rhodes, in San Jose, Calif.

**Wendy Svec**, MBA, is product manager for Augustine Medical, Inc., in Eden Prairie, Minn.

'91 **Cynthia Huffman**, Ph.D.-marketing, will join the faculty at the Wharton School this fall. She was awarded a Richard D. Irwin Foundation doctoral dissertation fellowship in the spring.

**Karim Jamal**, Ph.D.-accounting, has joined the faculty at the University of Alberta.

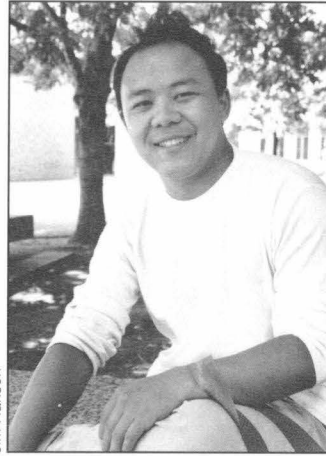
## Alumni make a difference in recruiting new students

Applications to the Carlson School's day MBA program were up about 30 percent this year, and part of the increase can be directly attributed to alumni involvement in recruiting, believes Recruiting Coordinator Larry Bjorklund. "Applications from U.S. citizens outside our five-state region are responsible for most of the increase, and that's exactly where we've been concentrating our efforts with alumni volunteers," he said. "Better yet, the quality of these applicants is outstanding."

Alumni volunteers have been helping Bjorklund recruit students in several ways. They call prospective applicants who have indicated an interest in the school at one of several MBA Forums held in major cities around the country, to answer questions about the school and about life in the Twin Cities. They make follow-up calls to high-quality candidates who have been admitted to the program but have not yet confirmed that they will come. And, some have participated in Preview Days.

Preview Days give people who have been admitted to the program but have not yet committed to attend a chance to visit campus for two days, meet current students, alumni and faculty, and get more information before making their final decision. During the two Preview Days held this spring, alumni participated on question-and-

## Kou Vang, '92 BSB Working to improve the lives of the Hmong



Jim Hansen

Kou Vang, a junior, has a vision that someday the Hmong community will be as economically thriving as other Twin Cities minority communities. A Hmong who has received a 3M Minority Education Scholarship at the Carlson School, Vang is working toward that vision. After earning his high school certificate through Lakewood Community College in White Bear Lake, Vang tried three times before passing the college admission test. He enrolled in General College for two years

before being admitted to the Carlson School last fall.

A major in finance, Vang says that classes are difficult but he enjoys the challenge. "English is not my language and because of that when I attend any lecture I have the feeling that I understand about 50 percent. If I do well in class it comes from my personal study," he says, adding that he also receives tutorial instruction.

But the language problem is minuscule compared to the social and cultural obstacles the 24-year-old husband and father of three has had to overcome. The son of a Laotian CIA agent, Vang was forced to flee Laos at the end of the Vietnam War in 1975 when he was 8 years old. Afterward, his family spent 12 years in a refugee camp in Thailand where Vang learned to speak English through association with Americans he befriended. In 1987, Vang and his five brothers came to the United States to join his uncle in St. Paul.

Vang hopes that one day he will be able to return to his native land, but right now, he is focused on finishing his college education, raising a family and helping organize the Hmong community. He is a member of the Laos Family Community and the University of Minnesota Hmong Students Association.

Vang feels that the Hmong are lagging behind other groups in economic development and organization. "I've seen several Hmong stores but what we need is not just stores," he said. "We need to come together and form a Hmong Business Association. If we could do that we could really get everyone involved."

After completing his college education, Vang says "I will use all of my mind and everything I can think of to help the Hmong people. I want to improve the economy of the Hmong people to the level of middle class. I want to encourage them to do business. Only when we do business can we pull up the lives of our people to the level of Whites, Blacks, Hispanics and other Asians. I am not trying to always compare with other people, but I want my people to do well. I want more of my people to have a good life."

Vang stresses the value of a college education and says more Hmong students should attend college. "There are 10,000 to 20,000 Hmong people in the Twin Cities and only about 100 at the university. That's like one percent," he says. "I think we need to work harder to recruit more Hmong students from high school. You can always get a job, even without a degree, but I feel we need education to improve their lives." **MMR**

answer panels and sponsored a picnic or dinner in the evening.

"Prospective students are very interested in this kind of contact," said Bjorklund. "They are eager to talk to alumni. Also, it shows that alumni support the school, which is a key factor in attracting top students."

Dan Marcotte, '86 MBA, who has made recruiting phone calls and participated in Preview Days, says he very much enjoys volunteering in this way. "It's fun, and the more I do it, the more I like it," he said. "My job [as a treasury manager for Dain Bosworth] is very technical, so it's a nice change of pace. People are receptive when we call, and they have lots of questions. They are also impressed that alumni are interested enough in the school to do this."

Prospective students usually want to know how the Carlson School's MBA program can help them meet their career goals, what kind of a reputation the school has, how it's ranked, or what the faculty are like. People from out of town almost always ask about the climate, Marcotte says. They also want

to know what it's like to live here, what kind of housing is available, how far they have to commute to class, and so on.

"I tell them it's not as cold as Moscow and that it's a great place for winter sports," he says. "I also point out how cosmopolitan the area is, and I tell them what a good setting this is for a business school because of our strong interaction with the business community. I tell them the Carlson School is a very good value for their dollar."

Bjorklund encourages any alumni who are interested in volunteering with recruiting to call him at (612) 625-5555, or to call the co-chairs of the Alumni Council's Recruiting Committee: Dan Marcotte, at (612) 341-8877 or Jim Westerman, at (612) 334-4425. Both locally based and out-of-town alumni can help.

"It's a great way to help improve the quality of the school, and to establish good continuity in the Carlson School alumni community from year to year," says Marcotte. "I would love to see more alumni getting involved."



Jim Hansen

Dan Marcotte, '86 MBA, and Jim Westerman, '89 MBA, (left, facing camera) are co-chairs of the Alumni Council's Recruiting Committee. They participated, with Gretchen Schmid, '89 MBA, and Don Rylander, '90 MBA, on a question-and-answer panel during Preview Days for prospective students.

been somewhat of a stand-alone nation in the past. Hong Kong, on the other hand, is an international port, and has historically been sensitive to the global market. Anything that happens in the world will have an impact on Hong Kong. I think most people now recognize that the economy in our country is not, and cannot be, isolated from the rest of the world. Minnesota businesses, as well as its educational system, are responding positively to global competition."

Many people speak at least two languages in Hong Kong, a British colony. In school, students must have at least five years of study in the geography and history of other nations. The result is an appreciation and sensitivity to diversity that heretofore has not been as apparent in the United States. Things are changing, however, Gam believes. "Minnesotans sense the need for diversity. It's becoming more widely accepted now."

Gam is a philosophical man and he offers a philosophical conclusion to an interview. "I want to get two messages across which are very dear to me. The first is that I believe very strongly in ethics and integrity. A person without them, regardless of how superficially successful, really has nothing.

"The second thing is that in business, as in life, it's hard to tell what people are truly like. Even if you're good at reading people, you'll still probably misread them a lot of times. So my philosophy is based on an old Chinese saying: If the road is long, you will know the strength of a horse; if the time is long, you will know the heart of a man."MMR

applicants ask the question "Is the test valid?" they are in fact asking different questions. The applicant is asking "Can this test really tell whether I will or will not engage in dishonest behavior on the job?" while the employer may be asking "If I use this test can I reduce the amount of theft and counterproductive behavior in my workforce?" My research convinces me that the answer to the first question is "no," while the answer to the second is "yes."

The key to understanding why I give different answers to what may appear to be different wordings of the same question is to realize that this type of employment testing deals not with certainties but with probabilities. Imagine that you are an employer concerned about employee theft and that you discovered the following: 10 percent of people who pass the honesty test in fact steal from the company, but 40 percent of people who fail the honesty test steal from the firm. Imagine you have two applicants and one job opening. One applicant passed the test; the other failed. Would you prefer one applicant to the other? Most employers report they would "play the odds": if more people who fail the test steal, then select the individual who passed the test.

Many employers would find such a test quite useful, since by only hiring people who pass the test, the overall amount of theft in the organization would be reduced. Fewer dishonest employees would be hired. On the other hand, note the degree of inaccuracy in making predictions about individual people. In my example, people who fail the test are far more likely to steal than are people who pass. But note that even among people who fail the test, the majority (60 percent) do not, in fact, steal from the company! Thus a test can be useful in reducing theft even though it is not precise enough to make accurate predictions about specific individuals. If employers have more applicants than openings, and if people who fail the test are more likely to steal, then the use of an honesty test can reduce the incidence of dishonest behavior even if it cannot pinpoint exactly which individuals will be dishonest.

Another critical point in considering the use of an honesty test is to realize that the opportunity to be selective is a scarce resource. If I have twice as many applicants as openings, I have the opportunity to be selective. I could, for example, turn away

the 50 percent scoring lowest on an honesty test and hire the rest. But doing so prevents me from screening for other important skills or abilities. Am I better off taking advantage of my favorable applicant-to-opening ratio by screening for a characteristic other than honesty? The potential productivity gain should be balanced against the potential amount of counterproductivity that can be prevented by using an honesty test.

While the above discussion indicates that pre-employment screening can contribute to reducing dishonesty, it certainly is not a panacea. Recall that we discussed three approaches to reducing dishonesty: control systems, management practices and pre-employment screening. Each plays a part in dealing effectively with the problem of honesty in organizations. The three approaches illustrate a dilemma that has been a focus of debate within the field of psychology for decades—namely, to what extent human behavior is influenced by factors within a person (e.g., traits, characteristics) and to what extent it is influenced by external, environmental factors. If you believe personal characteristics are more important, your primary approach to reducing dishonesty in organizations would be to try to hire only honest people. If you believe external factors are more important, you would try to reduce dishonesty by designing a work environment conducive to honest behavior. For example, you would reduce incentives to behave dishonestly, establish control systems to increase the chances that dishonesty will be detected (and make sure employees know dishonesty will be detected) and establish management practices that encourage honesty both by policy and by example.

As a practical matter, both personal characteristics and the work environment affect work behavior, even if we aren't sure of the relative importance of each. Researchers will continue to seek a better understanding of the causes of and remedies for dishonesty in organizations, and organizations will continue to make use of a wide variety of strategies in an attempt to prevent and control dishonesty. Using an integrity test may be part of the solution, but I'd be very skeptical of any organization that expected a testing program to single-handedly eliminate the problem of dishonesty in the workplace. MMR

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Craguns Pine Beach Lodge and Conference Center, Gull Lake, Minn.

### For more information on MMA, contact:

Lynn Anderson  
Assistant Program Director  
Executive Development Center  
Carlson School of Management  
University of Minnesota  
271 19th Avenue South  
Minnesota, MN 55455  
(612) 624-2545

# CALENDAR

## September

- 14 Alumni Planning Workshop.** Alumni volunteers meet to make plans for the coming year. 8:30 a.m. - 12:00 p.m. Room 180 A & B, Humphrey Center.



## October

- 9 Quarterly Alumni Luncheon Series.** This series, sponsored by the Alumni Council, features business leaders speaking on current topics. Radisson Plaza Hotel, downtown Minneapolis. 11:30 a.m. - 1:00 p.m. \$15 per person.
- 11 Class of '41 Reunion Dinner.** 6:00 p.m. Coffman Union
- 11-13 Homecoming Weekend.** Activities will be planned throughout the weekend, and the Gophers will play against Purdue on Saturday afternoon.
- 17 MBA Corporate Partnership Reception,** sponsored by the MBA Association.

## November

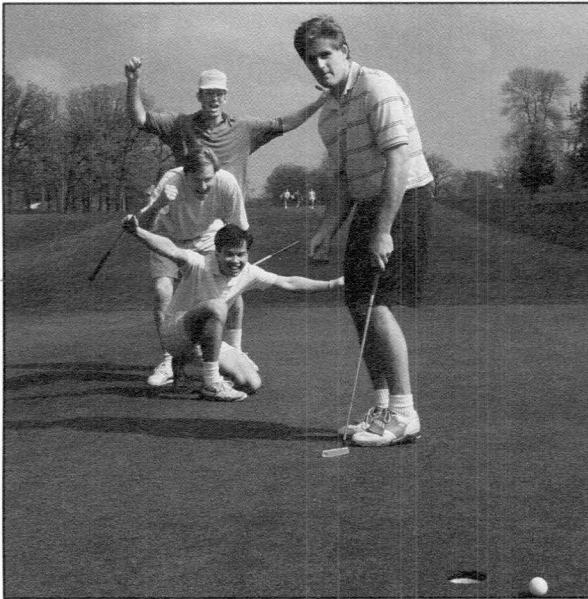
- 9 Presidents Club Annual Fall Event.** Scholarship donors and recipients will be honored. Carlson School reception at 6:00 p.m. Dinner at 8:00 p.m. Minneapolis Convention Center.

## December

- 11 Quarterly Alumni Luncheon Series.** Sponsored by the Alumni Council. Radisson Plaza Hotel, downtown Minneapolis. 11:30 a.m. - 1:00 p.m. \$15 per person.

*For more information about these and other alumni programs, contact Jeanne Katz at (612) 625-1556.*

## Different strokes for different folks



For a couple of months in Minnesota, golf was everywhere. First the annual MBA Student Association's Golf Classic in May, followed by the U.S. Open in June: first the GPAers, then the PGAers.

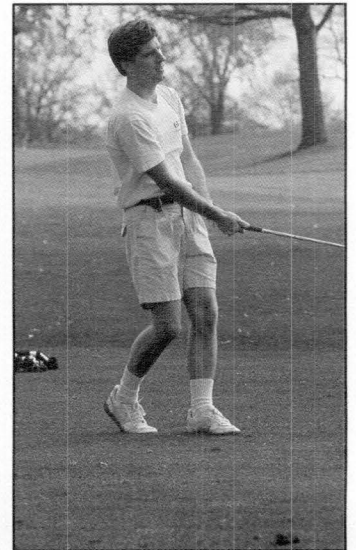
Well, maybe the only links between the two events are those that make up a golf course. The Open was played for big money while the Classic was played to raise a little money for a worthy cause. The play during the Open was serious, while the

play during the Classic was sometimes, well, a bit frivolous.

But the Classic does have one thing in common with the Open: both have become traditions. This year over 130 golfers and picnickers participated in the MBA Association's Third Annual Golf Classic—and raised almost \$1,000 for the Epilepsy Student Program, which assists students with epilepsy in dealing with the stresses of college life.

Held at the University Golf Course, the tournament this year featured both an 18-hole and a 9-hole competition. Tournament winners, announced at a post-golf picnic at St. Paul's Como Park, included Matt Crum, Peter Kline, Peter Sawkins and Jim Steiner for the 18-hole competition; Tom Alberg, Brenda Alexander, Tom Burke and Jennifer Promens for the 9-hole competition; Peter Sawkins for the longest drive; Todd Wilkening for closest to the pin; and Kurt Carlson for the longest putt.

Chairperson for the event, Drew Hays, '91 MBA, called the tournament "Splendid!" Plans are already underway to make next year's event even more successful.



Photos by Jim Hansen

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