Our values are exemplified by our dedication to innovation and our desire to benefit society through our activities.
The University of Michigan Business School is a premier business school, and I believe we owe our great strength to three things—our faculty, our students and our values. Our faculty excels in generating intellectual capital, disseminating new knowledge and serving the Business School above and beyond the realm of teaching and research. Our students are extremely talented, and we have a breadth of programs that offers them different venues for learning. Our values are exemplified by our dedication to innovation and our desire to benefit society through our activities.

Beyond this, the Business School is part of a world-class research university, which offers opportunities for collaboration with students and faculty from other disciplines. The Tauber Manufacturing Institute is a prime example of a successful partnership between the Business School and the College of Engineering. Our Corporate Environmental Management Program (CEMP) is unique in combining the resources of the Business School with the School of Natural Resources and Environment.

Another important cornerstone for the Business School is our alumni, who now number 33,000, and the potential support they can offer, both financially and in an advisory capacity.

As great as the Business School is today, there is much we may aspire to.

First, I believe we can become a place that succeeds in creating a lifelong intellectual relationship with students and graduates. Rather than limiting our interaction with students to those months they are in class here, we should extend this learning throughout their entire careers. Building on our current executive-education strengths, we could extend our MBA Update, for example, and use technology to bring this intellectual relationship to our alumni at home or work. We could develop specialized courses focusing on new business specialties, such as biotechnology, and send our faculty to teach at centralized off-site locations.

Second, I think we can sharpen our branding and the overall marketing of the Business School by identifying, and promoting, the attributes that make us distinctive and give us an edge over competing schools. We have enormous potential in our interdisciplinary programs, our global business initiatives and our "make a difference for society" attitude. We need to shine the light on the things we do well and examine our brand equity on a worldwide, as well as national, basis.

Third, we must be able to attract and retain the best faculty and support their research, so they can generate intellectual capital and provide the best content available. The competition for the best faculty is intense. We need to create a compelling intellectual proposition that will bring the best here and keep them here. Once they are on board, we need to showcase our faculty and their accomplishments in order to gain greater visibility and recognition for the Business School.

These are a few of my initial thoughts as I begin what I anticipate will be an enjoyable, productive and rewarding relationship with students, alumni, faculty and staff at the University of Michigan Business School. My door is always open, and I welcome your comments and commitment as together we meet the challenges and build on our great strengths in coming years.

Robert J. Dolan
# Talent Profile

## NEW STUDENTS (Entered program in Fall 2000)

<table>
<thead>
<tr>
<th>BBA Program</th>
<th>MBA Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class Size</td>
<td>Class Size</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>GPA (average)</td>
<td>GPA (average)</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>Women</td>
<td>Average Age</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>Minorities</td>
<td>Average full-time work experience</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>International</td>
<td>GMAT (average)</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>Foreign Language</td>
<td>Women</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td>Prior Studies</td>
<td>Minorities</td>
</tr>
<tr>
<td>....................................</td>
<td>....................................</td>
</tr>
<tr>
<td><em>(completed four or more semesters)</em></td>
<td><strong>(attended the University of Michigan)</strong></td>
</tr>
<tr>
<td><strong>(attended the University of Michigan)</strong></td>
<td>95%**</td>
</tr>
</tbody>
</table>

## GRADUATING CLASS OF 2001 EMPLOYMENT

### Job Acceptances by Industry BBA Program

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>15.2%</td>
</tr>
<tr>
<td>Automotive</td>
<td>1.3%</td>
</tr>
<tr>
<td>Computers/Electronic Products</td>
<td>1.3%</td>
</tr>
<tr>
<td>Consulting</td>
<td>30.4%</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>5.7%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>7.4%</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>30.9%</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>1.7%</td>
</tr>
<tr>
<td>Other Services</td>
<td>6.1%</td>
</tr>
</tbody>
</table>

### Median Total Compensation by Industry BBA Program

<table>
<thead>
<tr>
<th>Industry</th>
<th>Median Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting</td>
<td>$50,000</td>
</tr>
<tr>
<td>Automotive</td>
<td>$46,000</td>
</tr>
<tr>
<td>Computers/Electronic Products</td>
<td>$53,000</td>
</tr>
<tr>
<td>Consulting</td>
<td>$59,000</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>$55,000</td>
</tr>
<tr>
<td>Financial Services</td>
<td>$50,000</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>$74,000</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>$54,000</td>
</tr>
<tr>
<td>Other Services</td>
<td>$38,000</td>
</tr>
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</table>

### Job Acceptances by Industry MBA Program

<table>
<thead>
<tr>
<th>Industry</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>4.4%</td>
</tr>
<tr>
<td>Computers/Electronic Products</td>
<td>2.8%</td>
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<tr>
<td>Consulting</td>
<td>37.9%</td>
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<tr>
<td>Consumer Goods</td>
<td>12.6%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>4.7%</td>
</tr>
<tr>
<td>High-tech/Telecom Services</td>
<td>6.0%</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>17.4%</td>
</tr>
<tr>
<td>Pharmaceutical/Healthcare Products</td>
<td>5.7%</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>4.1%</td>
</tr>
<tr>
<td>Other Services</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

### Median Total Compensation by Industry MBA Program

<table>
<thead>
<tr>
<th>Industry</th>
<th>Median Total Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>$105,000</td>
</tr>
<tr>
<td>Computers/Electronic Products</td>
<td>$120,000</td>
</tr>
<tr>
<td>Consulting</td>
<td>$150,000</td>
</tr>
<tr>
<td>Consumer Goods</td>
<td>$108,000</td>
</tr>
<tr>
<td>Financial Services</td>
<td>$135,000</td>
</tr>
<tr>
<td>High-tech/Telecom Services</td>
<td>$115,000</td>
</tr>
<tr>
<td>Investment Banking</td>
<td>$145,000</td>
</tr>
<tr>
<td>Pharmaceutical/Healthcare Products</td>
<td>$115,000</td>
</tr>
<tr>
<td>Other Manufacturing</td>
<td>$110,000</td>
</tr>
<tr>
<td>Other Services</td>
<td>$113,000</td>
</tr>
</tbody>
</table>
GRADUATING CLASS OF 2001 EMPLOYMENT (Continued)

The Top Hiring Companies
BBA Program
Accenture
Andersen
PricewaterhouseCoopers LLP
Credit Suisse First Boston
Ernst & Young LLP
A.T. Kearney Inc.
Deloitte & Touche LLP
J.P. Morgan Chase & Company
American Express Company
Kraft Foods Inc.
Bear, Stearns & Company Inc.
Deloitte Consulting
Headstrong
Merrill Lynch
Peterson Consulting

The Top Hiring Companies
MBA Program
A.T. Kearney Inc.
McKinsey & Company Inc.
Deloitte Consulting
Booz Allen & Hamilton
Accenture
Bear, Stearns & Company Inc.
Kraft Foods Inc.
The Boston Consulting Group Inc.
DiamondCluster International Inc.
Ford Motor Company
General Motors Corporation
Goldman, Sachs & Company
Bristol-Myers Squibb Company
PricewaterhouseCoopers LLP

DOCTORAL PROGRAM

Academic Appointments
Stanford University
Massachusetts Institute of Technology
University of California-Irvine
New York University
University of Illinois
University of Iowa
University of Minnesota
Virginia Commonwealth University

Dissertation Titles
Strategy and Geography: The Impact of Firm Rivalry on Location Choices in Global High-tech Industries
When Peers Become Teachers: The Impact of Inter-firm Relationships on Learning and Performance
An Examination into the Construction and Retrieval of Evaluative Judgements: A Resolution of Competing Perspectives

Seeing Through the Client’s Eyes: Building Interpersonal Trust and Cooperation Across Organizational Boundaries
The Role of Technical and Relational Capabilities in the Selection of Suppliers for Technically Innovative Components in the U.S. and Japan
Investment Horizon and the Structure of Organizations: Essays in the Theory of the Firm
The Rupture and Restructuring of Professional Self-Identity: A Phenomenological Study of BPR Experiences
Discretionary Charges, Board of Director Composition and Audit Quality
Internal Corporate Governance As a Source of Firm Value: The Impact of Internal Governance on the Incidence of White Collar Crime
ADVANCES FOCUS ON WOMEN, ENTREPRENEURISM AND ENVIRONMENTAL MANAGEMENT

The University of Michigan Business School advanced in several key areas.

Women in Business

In fall 2000, the University of Michigan awarded the Business School a three-year, $600,000 grant to further its Women in Business Initiative, a broad-based effort to increase the number of women in business and make Michigan the business school of choice for women. The Business School established the Women’s Leadership Council to assist in the recruitment of women, executive-level mentoring of female BBAs and MBAs, and fundraising for special programming for women. Roslyn Payne, BBA ’68, agreed to chair the Council and spearhead its launch. Michigan is the first top business school to create an all-women advisory board of this kind.

In June, Jeanne Wilt, MBA ’89, assistant dean for admissions and career development and leader of the Women in Business Initiative, outlined plans for a new nonprofit organization dedicated to increasing the number of women in leadership roles and business ownership. Founding members include representatives from eight top business schools, seven corporations and three nonprofits, including the Committee of 200, a national organization of prominent women business owners and executives.

Entrepreneurial Studies

Now in its second year, the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies expanded its 22-course entrepreneurial curriculum to include family business and turnaround management. The innovative Wolverine Venture Fund, which provides financial assistance for start-up companies, expanded its student participation to 16 MBAs.

The Zell-Lurie Institute increased its entrepreneurial internship program to 22 students, placed three students internationally and received a $1.47 million gift from Marcel Ganis, MBA ’78, the CFO of Juniper Networks. Through a new eMAP program, student MBA teams were placed with six Michigan high-growth start-up companies for a seven-week period to work on business-development projects. The Institute also hosted two major entrepreneurship symposiums, which featured well-known figures from the entrepreneurial community.

Environmental Management

The Erb Environmental Management Institute received $10 million in gifts—$2.5 million each from corporate donors Dow Chemical Co. and Holnam Inc. and $5 million in matching funds from benefactors Frederick A. and Barbara M. Erb—and endowed two new joint professorships in the field of sustainability. With support from the Environmental Protection Agency, the Erb Institute co-led the creation of the Southeast Michigan Sustainable Business Forum, a network of regional firms designed to advance the practice of ecologically, socially and economically sustainable business. In June, the Institute jointly co-hosted a conference that brought 125 North American mayors to the Business School to discuss the role of local governments in addressing global environmental challenges.

The Aspen Institute and World Resources Institute presented the Business School with two Beyond Grey Pinstripes 2001 awards, one for environmental stewardship and another for social impact management, and recognized Michigan as a “cutting-edge MBA program.” The Erb Institute’s Corporate Environmental Management Program (CEMP) was cited for its key role in preparing business leaders.
Teaching and Research

Excellence in teaching and research, driven by a dedicated faculty who create knowledge at the cutting-edge of their respective fields, is a critical component of a top-ranked business school. The University of Michigan Business School excelled in both areas during 2001.

"Our goal is to create a research environment that not only allows the discovery of new knowledge, but fosters, supports and reinforces that discovery," says Susan J. Ashford, senior associate dean for academic affairs. "Within that environment, we also need to hold high standards for the dissemination of knowledge through various teaching venues so we have the maximum impact on thinking and practice."

The Business School's teaching excellence was reflected in 2001 national and international survey results. Michigan's MBA program was ranked first among the "Top 10 Large Schools" and the "Top 10 Public Schools," and fourth among the "Top Ranked 50" U.S.-based and foreign schools offering graduate business programs in a Wall Street Journal/Harris Interactive Business School Survey of 1,600 MBA recruiters. Michigan also was recognized for excellence in marketing (second place) and general management (fourth place), and for its manufacturing management program offered through the Tauber Manufacturing Institute.

The Victor L. Bernhard Teaching Leadership Award for 2001 was presented to Thomas C. Kinneer, the Eugene Applebaum Professor of Entrepreneurial Studies and professor of marketing. Kinneer is the director of the Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies. In addition, three faculty members, nominated by their students, received teaching excellence awards, which are supported by the Robert and Janet Neary Fund.

- BBA Excellence-in-Teaching Award: Peter Wysocki, assistant professor of accounting
- MBA Excellence-in-Teaching Award: Aneel Karnani, associate professor of corporate strategy and international business
- PhD Excellence-in-Teaching Award: Will Mitchell, the Jack D. Sparks Whirlpool Corporate Research Professor of Business Administration and professor of corporate strategy and international business

The prestigious Senior Faculty Research Award, which honors sustained, exceptional and continuing contributions to scholarly research, was presented to Jane E. Dutton, the William Russell Kelly Professor of Business Administration, professor of organizational behavior and human resource management and corporate strategy, and associate professor of psychology.

The Business School's new Executive MBA program, announced publicly in October 2000, received an overwhelming response from prospective candidates. Led by innovative Business School faculty, the 20-month program offers a unique emphasis on leadership development, a results-oriented curriculum created specifically for high-potential executives and a flexible combination of on-campus and online learning. Approximately 60 percent of the 65 participants in the inaugural class, which graduates in April 2003, are from Fortune 500 companies; 31 percent are out of state; and 15 percent are international. One-quarter of the enrolled class is at the level of vice president and above. For more information, visit www.emba.bus.umich.edu.
New Books In Print

Managing the Unexpected: Assuring High Performance in an Age of Complexity
University of Michigan Business School Management Series
Karl E. Weick and Kathleen M. Sutcliffe
(Jossey-Bass)

Achieving Success through Social Capital: Tapping the Hidden Resources in Your Personal and Business Networks
University of Michigan Business School Management Series
Wayne Baker
(Jossey-Bass)

A Company of Leaders: Five Disciplines for Unleashing the Power in Your Workforce
University of Michigan Business School Management Series
Gretchen M. Spreitzer and Robert E. Quinn
(Jossey-Bass)

Improving Customer Satisfaction, Loyalty and Profit: An Integrated Measurement and Management System
University of Michigan Business School Management Series
Michael D. Johnson and Anders Gustafsson
(Jossey-Bass)

The Compensation Solution: How to Develop an Employee-Driven Rewards System
University of Michigan Business School Management Series
John E. Tropman
(Jossey-Bass)

Improving Customer Satisfaction, Loyalty and Profit: An Integrated Measurement and Management System
published in Japanese
University of Michigan Business School Management Series
Michael D. Johnson and Anders Gustafsson
(Diamond Publishers: Tokyo, Japan)

Creating the Multicultural Organization: A Strategy for Capturing the Power of Diversity
University of Michigan Business School Management Series
Taylor Cox Jr.
(Jossey-Bass)

Becoming a Better Value Creator: How to Improve the Company's Bottom Line—and Your Own
University of Michigan Business School Management Series
Anjan V. Thakor
(Jossey-Bass)

Getting Results: Five Absolutes for High Performance
University of Michigan Business School Management Series
Clinton O. Longenecker and Jack L. Simonetti
(Jossey-Bass)

Becoming a Better Value Creator: How to Improve the Company's Bottom Line—and Your Own published in Japanese
University of Michigan Business School Management Series
Anjan V. Thakor
(Diamond Publishers: Tokyo, Japan)

Strategic Interviewing: How to Hire Good People
University of Michigan Business School Management Series
Richard Camp, Mary E. Vielhaber and Jack L. Simonetti
(Jossey-Bass)

For more information on this series, visit: www.umbsbooks.com
Customer Orientation and Market Action, published in German as: Kundenerorientierung und Markthandlung
Michael D. Johnson
(Oldenbourg Verlag, Munich, Germany)

People and Profits? The Search for a Link Between a Company’s Social and Financial Performance
Joshua Daniel Margolis and James Patrick Walsh
(Lawrence Erlbaum Associates)

Ethics and Governance: Business As Mediating Institution
Tim L. Fort
(Oxford University Press)

Developing Management Skills
David A. Whetten and Kim S. Cameron
(Prentice-Hall)

The Law of Marketing
Lynda J. Oswald
(West Thomson Learning)

Rethinking Estate and Gift Taxation
William G. Gale, James R. Hines Jr., Joel Slemrod, Editors
(Brookings Institution Press)

Male & Female in Social Life
Lloyd E. Sandelands
(Transaction Press)

eVal: The Modern Way to Value Companies
Russell J. Lundholm and Richard G. Sloan
(McGraw-Hill Irwin)

International Taxation and Multinational Activity
James R. Hines Jr., Editor
(The University of Chicago Press)

The Globalization Debate: Issues and Challenges
Linda Y.C. Lim
(International Labour Organisation)

The Future of Leadership: Today’s Top Leadership Thinkers Speak to Tomorrow’s Leaders
Warren Bennis, Gretchen M. Spreitzer and Thomas G. Cummings, Editors
(Jossey-Bass)
Executive Education

The University of Michigan Business School’s Executive Education Center provided management training to more than 5,000 executives from corporations worldwide and continued to extend its global reach this past year. Total revenue increased to a record level of $29.3 million, up from $28.1 million in 2000.

In BusinessWeek’s 2001 ranking of the best non-degree mid-career executive education programs, Michigan was rated No. 1 in human resources, No. 2 in general management and No. 3 in leadership. In the biennial survey’s overall rankings, Michigan placed third.

The Executive Education Center has served the global business community for more than 65 years, pioneering innovative programs that combine intellect with action to produce results-oriented leaders. Last year, it added six new programs on topics ranging from supply-chain management and negotiation strategies and skills to results-based leadership and global strategy. Corporate clients, including A. T. Kearney, Eli Lilly, Federal Express, Reuters, Sony, CH2MHILL and TRW, continued to use the Center’s services to design and launch customized programs. Public and custom programs were weighted 84–16, reflecting a slight increase in public programs and a slight decrease in custom programs from the previous year.

“We have had an exciting and challenging year, and have introduced a number of cutting-edge programs,” says Brian Talbot, associate dean of executive education. “We haven’t escaped the impact of the economic downturn that has affected executive education programs throughout the industry. However, we continue to innovate and are well-poised to respond to the educational needs of organizations through periods of contraction as well as in times of prosperity.”

Global Initiatives

The Executive Education Center entered the rapidly developing Brazilian market in 2001 with the launch of its first five executive education programs in Sao Paulo’s World Trade Center, where the Business School has established an office and learning center, also shared by the Global MBA program. Designed for Brazilian executives, the programs are presented in English by Michigan faculty and simultaneously translated into Portuguese. Course materials also are bilingual.

In Britain, the Center continued its partnership with FT Knowledge, a London unit of the Financial Times, to develop customized interactive learning programs for companies worldwide. It also maintained ongoing partnership programs with the International Graduate School of Management at the University of Navarra in Barcelona, Spain, Acer Corp. in Taiwan and the Academy for Management Excellence (ACME) in India.

The Asia-Pacific Regional Office, based in Hong Kong, S.A.R., achieved significant enrollment growth, offering 32 executive education programs in Hong Kong and Singapore. In the Middle Eastern market, three executive education programs were offered for the first time in Dubai, United Arab Emirates, in partnership with Leading Concepts International, a Dubai-based consulting firm.

As part of its planned growth strategy, the Center invested significantly in the development of an e-commerce enabled Web site, which offers turnkey services, including the ability to download brochures and catalogs, enroll online, access working papers, interact in virtual learning communities and request virtual concierge services. The Web address is www.exeecd.bus.umich.edu.
In 2001, the William Davidson Institute (WDI) increased its national and international visibility, expanded its programming and enhanced its reputation as a leading center of expertise on business and economic development in transition and emerging market economies. Founded as a nonprofit, independent educational institution in 1992 by Guardian Industries Corp., the Davidson Institute was named in honor of Guardian's owner, chairman and CEO, William Davidson, BBA ’47, and is headquartered at the University of Michigan Business School.

Last spring, former U.S. Secretary of State Madeleine K. Albright joined the Davidson Institute as its first distinguished scholar. Albright, who served as Secretary of State from 1997 to 2001, is the highest-ranking woman in the history of the U.S. government. Her extensive background in national and international policy, her accomplishments as a research professor and her in-depth studies of Soviet and Eastern European affairs will create new synergies within the Davidson Institute, which supports ongoing work in Central and Eastern Europe, Russia, China, Vietnam, Latin America and sub-Saharan Africa, according to WDI executive director Jan Svejnar.

Albright said her WDI appointment "represents a remarkable convergence of my own interests in developing economically viable democracies with the Institute's extensive knowledge and expertise in assisting governments, policymakers and firms in developing economies as they transition to market-driven economies." In early May, she visited the Business School and met with former Dean B. Joseph White, WDI board of directors members, faculty, students and the media. Albright spent a week on campus this fall and will return again in the spring. She also will chair an annual policy conference in Washington, D.C.

Business Assistance

All three Business School international project options—Global Projects I, II and III—operate under the Davidson Institute. WDI Fellows, who include students from the Business School and other colleges on campus, work in multi-functional, cross-cultural teams to assist firms operating in transition and emerging markets. The student teams analyze key strategic business problems and make recommendations for improvement. In the nine years since WDI’s Global Projects Initiative began, 340 projects have been completed with 100 partner companies worldwide.

In 2001, Global Projects I, a seven-week core course for first-year MBA students also known as IMAP (International Multidisciplinary Action Projects), engaged 92 students on 20 projects in 21 countries during March and April. Global Projects II, a 14-week spring-break elective for second-year MBA students, involved 28 participants working on seven projects in seven countries. Global Projects III, a summer internship program for upcoming second-year students and recent graduates, placed 43 students in 15 countries. The Global Projects III interns assisted on 18 projects for up to 11 weeks during the May–August time frame.
In June, the WDI-CMC partnership presented its first company-specific module, the Škoda Executive Development Program, which was developed for Škoda Holding managers. The initial session of the multifaceted four-day program was taught by Professor Rouen Israel and attended by managers from 13 business units.

The Davidson Institute’s Human Resource Network, a consortium of companies operating in Central and Eastern Europe, presented two workshops last year, one in Vienna in December 2000 and a second in Prague in March 2001. The HR Network provides senior executives from 12 local and multinational member corporations with new thinking, best practices and networking opportunities through meetings, surveys and a special members-only Web site.

**Research**

In the past year, the Davidson Institute sponsored 46 research conferences and seminars. A highlight was the 6th International Conference on Transition Economics in Portoroz, Slovenia, where 150 academics, researchers and policymakers from 26 countries gathered to present new findings and to discuss economic policies in the transition economies of Central and Eastern Europe. The Comparative Economic Development Series, a weekly forum hosted by the Davidson Institute, brought 18 speakers from U.S. and foreign universities to campus to present their research-in-progress, along with completed papers on issues affecting transition and emerging market economies. The Working Paper Series was expanded to include more than 375 papers, many of which have been, or will be, published in leading business and economics journals. Working papers can be downloaded from the Davidson Institute’s Web site: www.wdi.bus.umich.edu.

Locations for Projects I, II and III collectively encompassed Asia, Africa, Western and Eastern Europe, South America and the Middle East. Corporate partners included Whirlpool Corporation, Citigroup, AT&T, Sprint and the Aravind Eye Hospital in India.

**Management Development**

The Davidson Institute formed a partnership with CMC Graduate School of Business in the Czech Republic to co-develop and deliver both open-enrollment and company-specific management development programs to Czech senior-level managers. The first joint program, *Value Creation Tools for Financial Services*, was held in Prague in May and was taught by WDI-associated faculty members Jan Svejnar, Anjan Thakor and Dan Denison. Program participants were financial-sector managers from the Czech Republic representing ABN-AMRO, Arthur Andersen, Česká Šporitelna, Český Telecom, Philip Morris, PricewaterhouseCoopers and Skofín.
Financials 2000–2001
SOURCES AND USES OF FUNDS

SCHOOL OPERATING FUNDS

<table>
<thead>
<tr>
<th>SOURCES</th>
<th>1999-2000</th>
<th>%</th>
<th>2000-01</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund Budget</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tuition and Fees (See footnote (a))</td>
<td>$46,424,500</td>
<td>42.9</td>
<td>$48,027,700</td>
<td>43.1</td>
</tr>
<tr>
<td>University Supplement</td>
<td>8,627,100</td>
<td>8.0</td>
<td>8,780,300</td>
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</tr>
<tr>
<td>Indirect Cost Recovery</td>
<td>190,100</td>
<td>0.2</td>
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</tr>
<tr>
<td>Other University Support</td>
<td>594,700</td>
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<td>723,200</td>
<td>0.6</td>
</tr>
<tr>
<td>Executive Education Programs</td>
<td>28,092,000</td>
<td>26.0</td>
<td>29,261,800</td>
<td>26.3</td>
</tr>
<tr>
<td>Grants and Contracts</td>
<td>7,153,900</td>
<td>6.6</td>
<td>5,433,100</td>
<td>4.9</td>
</tr>
<tr>
<td>Gifts and Bequests (Expendable)</td>
<td>8,454,100</td>
<td>7.8</td>
<td>8,208,900</td>
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</tr>
<tr>
<td>Endowment Income to Operating Funds</td>
<td>5,799,000</td>
<td>5.4</td>
<td>7,508,100</td>
<td>6.7</td>
</tr>
<tr>
<td>Investment Income (Expendable)</td>
<td>863,100</td>
<td>0.8</td>
<td>985,300</td>
<td>0.9</td>
</tr>
<tr>
<td>Departmental Activities</td>
<td>1,899,100</td>
<td>1.7</td>
<td>2,160,500</td>
<td>1.9</td>
</tr>
<tr>
<td><strong>TOTAL SOURCES</strong></td>
<td>$103,997,600</td>
<td>100.0</td>
<td>$114,473,400</td>
<td>100.0</td>
</tr>
</tbody>
</table>

USES

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Instructional Programs</strong></td>
<td></td>
</tr>
<tr>
<td>Faculty &amp; Staff Compensation</td>
<td>$26,214,500</td>
</tr>
<tr>
<td>Executive Education Programs</td>
<td>23,268,000</td>
</tr>
<tr>
<td>Other Support</td>
<td>5,056,200</td>
</tr>
<tr>
<td>Research</td>
<td>4,981,300</td>
</tr>
<tr>
<td>Public Service</td>
<td>1,499,400</td>
</tr>
<tr>
<td><strong>Academic Support</strong></td>
<td></td>
</tr>
<tr>
<td>Library</td>
<td>1,760,400</td>
</tr>
<tr>
<td>Computing and Information Support</td>
<td>2,444,100</td>
</tr>
<tr>
<td>Administration</td>
<td>1,875,800</td>
</tr>
<tr>
<td>Student Services</td>
<td>3,440,200</td>
</tr>
<tr>
<td><strong>Scholarships and Fellowships</strong></td>
<td></td>
</tr>
<tr>
<td>Ph.D</td>
<td>2,597,700</td>
</tr>
<tr>
<td>MBA and BBA</td>
<td>9,874,100</td>
</tr>
<tr>
<td>Development, Alumni &amp; Communications</td>
<td>3,294,900</td>
</tr>
<tr>
<td>Other Departmental Operations</td>
<td>1,473,500</td>
</tr>
<tr>
<td><strong>Operations and Maintenance of Plant</strong></td>
<td></td>
</tr>
<tr>
<td>Facilities Operations</td>
<td>1,541,700</td>
</tr>
<tr>
<td>University Attributed: Building &amp; Utilities</td>
<td>2,131,500</td>
</tr>
<tr>
<td>General University Assessment</td>
<td>11,603,800</td>
</tr>
<tr>
<td><strong>Subtotal—Operations</strong></td>
<td>103,057,100</td>
</tr>
<tr>
<td>Increase in Operating Fund Balances</td>
<td>5,040,500</td>
</tr>
<tr>
<td><strong>TOTAL USES</strong></td>
<td>$108,097,600</td>
</tr>
</tbody>
</table>

Transfers to Non-Operating Funds

| To Endowment and Quasi-endowment Funds       | 517,429    |         | 388,721    |
| To Building and Equipment Funds              | 4,744,300  |         | 1,068,100  |

**WILLIAM DAVIDSON INSTITUTE OPERATING FUNDS**

| Revenues                                    | $1,894,400 | $2,483,700 |
| Expenditures                                | 2,902,300  | 3,041,400  |
| Increase (decrease) in Fund Balance from Operations | $(1,007,900) | $(537,700) |

(a) Tuition and fee revenues are attributed to the Business School in accordance with the University's Budget System.
# Endowment and Quasi-Endowment Funds

**Beginning Balances, July 1, 2000**

<table>
<thead>
<tr>
<th>Endowment</th>
<th>School Quasi-Endowment</th>
<th>WDI Quasi-Endowment</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$51,723,476</td>
<td>$54,404,225</td>
<td>$37,266,742</td>
<td>$143,394,443</td>
</tr>
</tbody>
</table>

**Additions**

- Gifts and Bequests: 9,067,464 3,019,699 12,087,163
- Investment Income:
  - Investment Distributions: 2,100,199 2,244,457 283,843 4,628,499
  - Gain/Loss on sale of investments: 1,817,600 5,844,661 729,567 8,391,828
- Transfers from other funds: 388,721 388,721

**Subtotal**

12,985,263 11,497,538 1,013,410 **25,496,211**

**Deductions**

- Transfers to operating and building funds: 3,995,301 3,494,729 1,799,760 9,289,790

**Ending Balances, June 30, 2001**

<table>
<thead>
<tr>
<th>Endowment</th>
<th>School Quasi-Endowment</th>
<th>WDI Quasi-Endowment</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>$60,713,438</td>
<td>$62,407,034</td>
<td>$36,480,392</td>
<td>$159,600,864</td>
</tr>
</tbody>
</table>

**NOTE:** Estimated market value of Endowment funds at June 30, 2001: $102,674,917

Estimated market value of Quasi-endowment funds at June 30, 2001: 116,570,797

Estimated market value of WDI Quasi-endowment fund at June 30, 2001: 37,068,086

**Total estimated market values at June 30, 2001:** $256,413,800

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# Building and Equipment Funds*

**Sources**

<table>
<thead>
<tr>
<th>1999–2000</th>
<th>2000–01</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>$245,500</td>
</tr>
<tr>
<td>Transfers from School Operating Funds</td>
<td>1,714,300</td>
</tr>
<tr>
<td>Transfers from University Funds</td>
<td>1,500,000</td>
</tr>
<tr>
<td>Gifts</td>
<td>361,100</td>
</tr>
<tr>
<td>Decrease in Fund Balances</td>
<td></td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>$6,850,900</strong></td>
</tr>
</tbody>
</table>

**Uses**

- Construction and Minor Renovations: $1,509,600 $1,297,900
- Computing & Office Equipment and Furnishings: 3,534,100 1,273,500
- Increase in Fund Balances for Future Projects: 1,807,200

**Totals**

$6,850,900 $2,571,400

*Excluding construction costs and financing of Sam Wyly Hall.*
Mission of the University of Michigan Business School
To serve individuals, business and society by developing leaders who will achieve high performance in the global world of business, and by discovering and communicating important knowledge about the theory, practice and institutions of business.

Enrollment (Fall 2001)
BBA Students .......................... 652
MA/Accounting Students .................. 34
MBA Students—Full-time ............... 870
MBA Students—Part-time .............. 1,025
Global MBA Students .................. 37
Doctoral Students ....................... 70

Academic Areas
Accounting
Business Economics and Public Policy
Computer and Information Systems
Corporate Strategy and International Business
Entrepreneurial Studies
Finance and Real Estate
Law, History and Communication
Marketing
Operations Management
Organizational Behavior and
  Human Resource Management
Statistics and Management Science

Alumni
The Business School has 33,000 alumni, living in all 50 states and 96 countries. There are 20 formal alumni clubs with 37 regional contacts. For more information, visit www.bus.umich.edu/alumni.

Volunteer Boards
Alumni Society Board of Governors
Corporate Advisory Board
Development Advisory Board
Growth Fund Board
Joel D. Tauber Manufacturing Institute Industry Advisory Board
Visiting Committee
William Davidson Institute Advisory Board
Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies Advisory Board

Specialized Operations
Asia-Pacific Human Resource Partnership
BT Global Learning Center
Business and Industrial Assistance Division
Center for Business Innovation
Center for Health Care Economics
Center for International Business Education
Corporate Environmental Management Program
Frederick A. and Barbara M. Erb Environmental Management Institute
Global Business Partnership
Human Resource Management Journal
Institute for Labor and Industrial Relations
Mitsui Life Financial Research Center
National Quality Research Center
Nippon Telephone and Telegraph Program in Asian Finance and Economics
Nonprofit and Public Management Center
Office for the Study of Private Equity Finance
Office of Tax Policy Research
William A. Paton Accounting Center
Joel D. Tauber Manufacturing Institute
Wolverine Venture Fund
Yaffe Center for Persuasive Communication
Samuel Zell and Robert H. Lurie Institute for Entrepreneurial Studies
Specialized Operations—Highlights

The **American Customer Satisfaction Index (ACSI)** is a national economic indicator of customer evaluations of the quality of goods and services available to household consumers in the United States. It is updated each quarter with new measures for different sectors of the economy replacing data from the prior year. The index is produced by a partnership of the Business School, American Society for Quality, and CPI Group, and supported in part by Market Strategies Inc. Over the past year, the ACSI gained greater national media attention as a major economic indicator, establishing quarterly reporting arrangements with The Wall Street Journal, CNBC and National Public Radio’s Marketplace, among others.

Research on the theory, evidence and policy development associated with global tax competition. The event was co-sponsored by the OTPR and the Institute for Fiscal Studies in London. Currently, the OTPR is developing a World Tax Database, which will enable users to access tax data through the Internet for the past 40 years from more than 150 countries, including the United States (federal and state-level).

*Six new books were released,* making a total of nine titles in the University of Michigan Business School Management Series: **Innovative Solutions to the Pressing Problems of Business.** The series is being translated into Japanese and Chinese, and negotiations are proceeding for Dutch and Portuguese translations. *(See New Books in Print, page 8)*

**The Tauber Manufacturing Institute (TMI)** expanded the scope and complexity of its 14-week summer internship program by assigning a student team to work with two corporations, Boeing Company and Alcoa Inc., on the reorganization of an international supply chain for a major aircraft component. Through TMI, the Business School and the College of Engineering collaborate with industry sponsors in preparing the next generation of manufacturing leaders. Michigan was recognized for its excellent manufacturing management program in a national survey.

**The Wolverine Venture Fund** is the first and largest venture-capital fund where MBA students are actively involved in the investment decision-making process. Sixteen MBA students seek, screen and negotiate investments in start-up companies. This past year, $3 million was invested in five portfolio companies, all with a University of Michigan affiliation.

Visit the University of Michigan Business School Web site: www.bus.umich.edu
In remembrance of alumni, friends and colleagues who lost their lives in the September 11, 2001, terrorist attacks

In times like this, community becomes a light to guide us through even the darkest days.

Robert J. Dolan, Dean