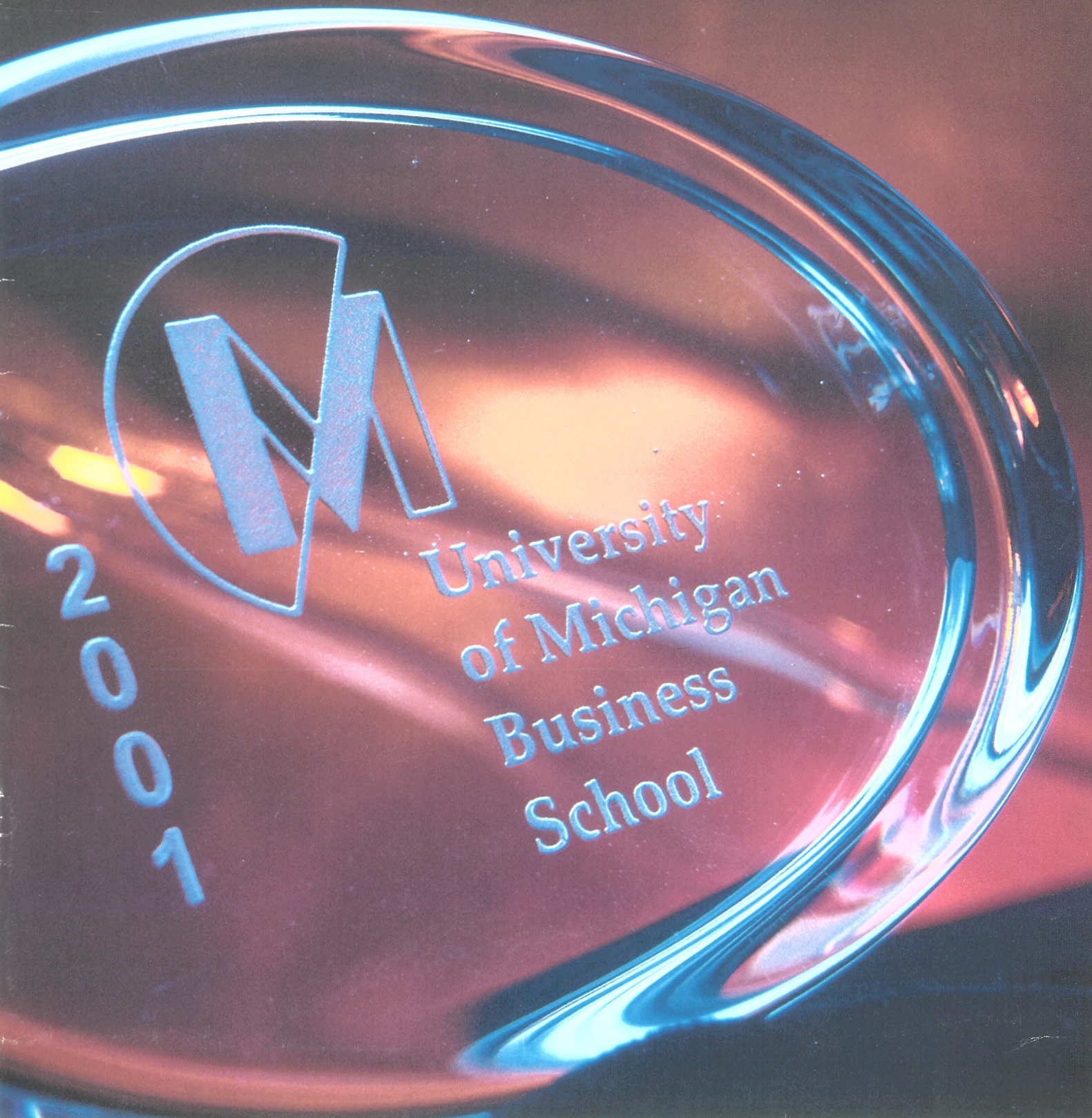


Annual Report 2001



*Our values are
exemplified by
our dedication
to innovation
and our desire
to benefit
society through
our activities.*



Dean's Message

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.

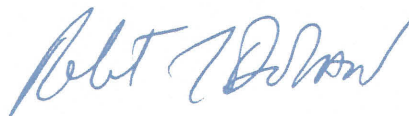
First, I believe we can become a place that succeeds in creating a lifelong intellectual relationship with students and graduates. Rather than limiting our interaction with students to those months they are in class here, we should extend this learning throughout their entire careers. Building on our 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)

BBA Program

Class Size	329
GPA (average)	3.61/4.0
Women	39%
Minorities	22%
International	12%
Foreign Language	80%*
Prior Studies	95%**

*(completed four or more semesters)

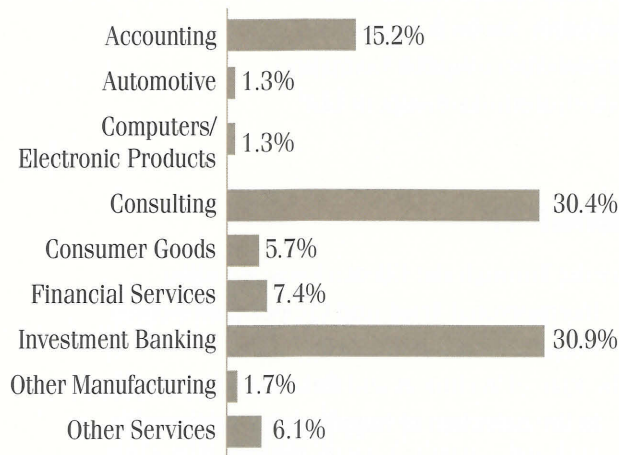
** (attended the University of Michigan)

MBA Program

Class Size	437
Average Age	28
Average full-time work experience	5 years
GPA (average)	3.32
GMAT (average)	675
Women	27.5%
Minorities	21%
International	33%

GRADUATING CLASS OF 2001 EMPLOYMENT

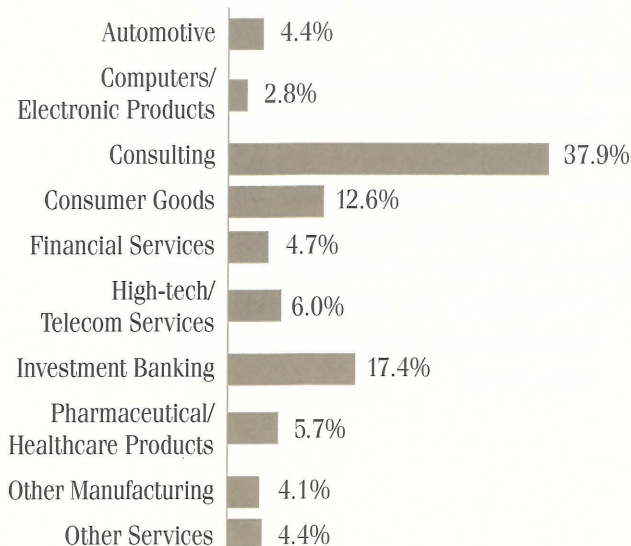
Job Acceptances by Industry BBA Program



Median Total Compensation by Industry BBA Program

Accounting	\$50,000
Automotive	\$46,000
Computers/Electronic Products	\$53,000
Consulting	\$59,000
Consumer Goods	\$55,000
Financial Services	\$50,000
Investment Banking	\$74,000
Other Manufacturing	\$54,000
Other Services	\$38,000

Job Acceptances by Industry MBA Program



Median Total Compensation by Industry MBA Program

Automotive	\$105,000
Computers/Electronic Products	\$120,000
Consulting	\$150,000
Consumer Goods	\$108,000
Financial Services	\$135,000
High-tech/Telecom Services	\$115,000
Investment Banking	\$145,000
Pharmaceutical/Healthcare Products	\$115,000
Other Manufacturing	\$110,000
Other Services	\$113,000

Talent Profile *Continued*

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 Gani, 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.



Jane E. Dutton

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. Bernard Teaching Leadership Award for 2001 was presented to Thomas C. Kinnear, the Eugene Applebaum Professor of Entrepreneurial Studies and professor of marketing. Kinnear 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: Anel 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

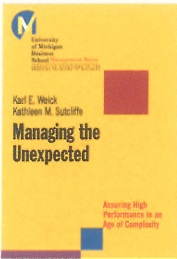
The prestigious Senior Faculty Research Award, which honors sustained, exceptional and continuing contributions to scholarly research, was presented to Jane E. Dutton, the William Russell Kelly Professor of Business Administration, professor of organizational behavior and human resource management and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



Thomas C. Kinnear leads class discussion.

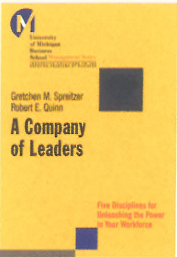
The Business School's new Executive MBA program, announced publicly in October 2000, received an overwhelming response from prospective candidates. Led by innovative Business School faculty, the 20-month program offers a unique emphasis on leadership development, a results-oriented curriculum created 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



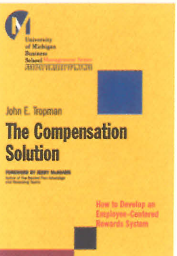
Managing the Unexpected: Assuring High Performance in an Age of Complexity

University of Michigan Business School
Management Series
Karl E. Weick and Kathleen M. Sutcliffe
(Jossey-Bass)



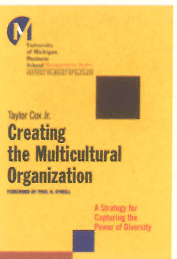
A Company of Leaders: Five Disciplines for Unleashing the Power in Your Workforce

University of Michigan Business School
Management Series
Gretchen M. Spreitzer and
Robert E. Quinn
(Jossey-Bass)



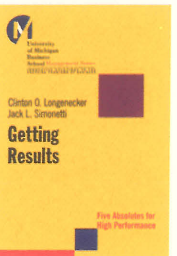
The Compensation Solution: How to Develop an Employee-Driven Rewards System

University of Michigan Business School
Management Series
John E. Tropman
(Jossey-Bass)



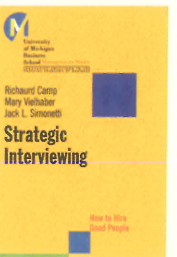
Creating the Multicultural Organization: A Strategy for Capturing the Power of Diversity

University of Michigan Business School
Management Series
Taylor Cox Jr.
(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)

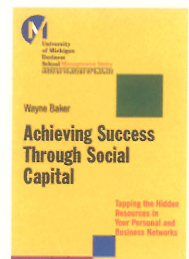


Strategic Interviewing: How to Hire Good People

University of Michigan Business School
Management Series
Richard Camp, Mary E. Vielhaber and
Jack L. Simonetti
(Jossey-Bass)

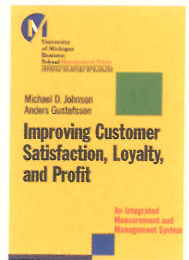
Achieving Success through Social Capital: Tapping the Hidden Resources in Your Personal and Business Networks

University of Michigan Business School
Management Series
Wayne Baker
(Jossey-Bass)



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)



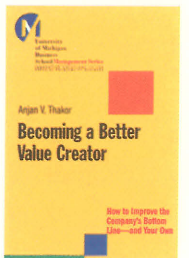
***Improving Customer Satisfaction, Loyalty and Profit: An Integrated Measurement and Management System* published in Japanese**

University of Michigan Business School
Management Series
Michael D. Johnson and
Anders Gustafsson
(Diamond Publishers: Tokyo, Japan)



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)



***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)

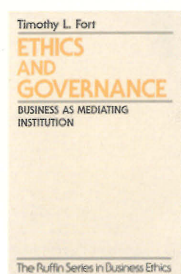


**For more information on this series, visit:
www.umsbooks.com**



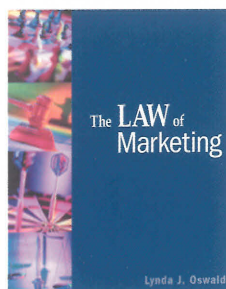
Customer Orientation and Market Action, published in German as: Kundenorientierung und Markthandlung

Michael D. Johnson
(Oldenbourg Verlag: Munich, Germany)



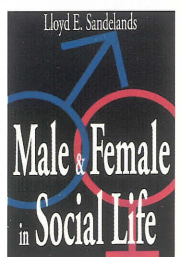
Ethics and Governance: Business As Mediating Institution

Tim L. Fort
(Oxford University Press)



The Law of Marketing

Lynda J. Oswald
(West Thomson Learning)



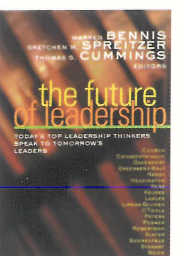
Male & Female in Social Life

Lloyd E. Sandelands
(Transaction Press)



International Taxation and Multinational Activity

James R. Hines Jr., Editor
(The University of Chicago Press)

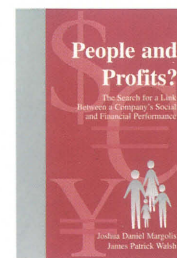


The Future of Leadership: Today's Top Leadership Thinkers Speak to Tomorrow's Leaders

Warren Bennis, Gretchen M. Spreitzer and Thomas G. Cummings, Editors
(Jossey-Bass)

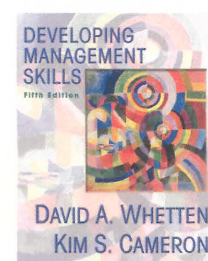
People and Profits? The Search for a Link Between a Company's Social and Financial Performance

Joshua Daniel Margolis and James Patrick Walsh
(Lawrence Erlbaum Associates)



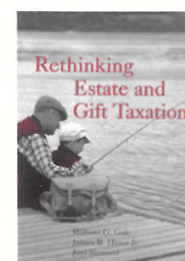
Developing Management Skills

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



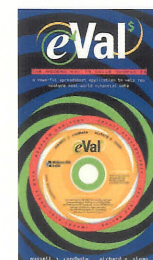
Rethinking Estate and Gift Taxation

William G. Gale, James R. Hines Jr., Joel Slemrod, Editors
(Brookings Institution Press)



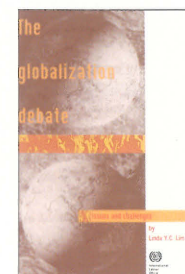
eVal: The Modern Way to Value Companies

Russell J. Lundholm and Richard G. Sloan
(McGraw-Hill Irwin)



The Globalization Debate: Issues and Challenges

Linda Y.C. Lim
(International Labour Organisation)





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.execed.bus.umich.edu.



*William Davidson, left,
with Madeleine Albright*

William Davidson Institute

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.



WDI student team at work in Brazil

In 2001, Global Projects I, a seven-week core course for first-year MBAs 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.

William Davidson Institute *Continued*



Ms. Tea Petrin, Slovenia's minister of economy, and WDI Executive Director Jan Svejnar (center) welcome conference attendees in Portoroz, Slovenia.

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 Špořitelna, Český Telecom, Philip Morris, PricewaterhouseCoopers and Skofin.

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.



*Dean Robert Dolan
greet's MBA students.*

Financials 2000–2001

SOURCES AND USES OF FUNDS

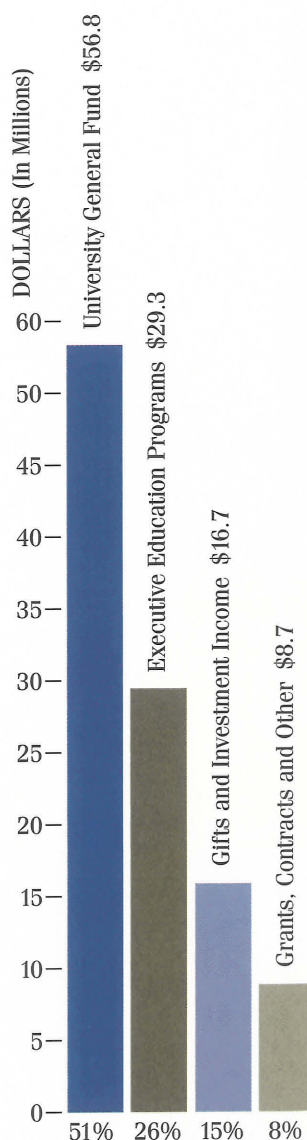
SCHOOL OPERATING FUNDS

SOURCES	1999-2000	%	2000-01	%
General Fund Budget				
Tuition and Fees (See footnote (a))	\$46,424,500	42.9	\$48,027,700	43.1
University Supplement	8,627,100	8.0	8,780,300	7.9
Indirect Cost Recovery	190,100	0.2	384,500	0.3
Other University Support	594,700	0.6	723,200	0.6
Executive Education Programs	28,092,000	26.0	29,261,800	26.3
Grants and Contracts	7,153,900	6.6	5,433,100	4.9
Gifts and Bequests (Expendable)	8,454,100	7.8	8,208,900	7.4
Endowment Income to Operating Funds	5,799,000	5.4	7,508,100	6.7
Investment Income (Expendable)	863,100	0.8	985,300	0.9
Departmental Activities	1,899,100	1.7	2,160,500	1.9
TOTAL SOURCES	\$108,097,600	100.0	\$111,473,400	100.0
USES	1999-2000	%	2000-01	%
Instructional Programs				
Faculty & Staff Compensation	\$26,214,500	24.3	\$27,451,600	24.6
Executive Education Programs	23,268,000	21.5	26,477,400	23.8
Other Support	5,056,200	4.7	5,708,800	5.1
Research	4,981,300	4.6	5,725,600	5.1
Public Service	1,499,400	1.4	1,416,900	1.3
Academic Support				
Library	1,760,400	1.6	1,786,400	1.6
Computing and Information Support	2,444,100	2.3	2,682,300	2.4
Administration	1,875,800	1.7	2,118,200	1.9
Student Services	3,440,200	3.2	3,763,700	3.4
Scholarships and Fellowships				
Ph.D	2,597,700	2.4	3,222,400	2.9
MBA and BBA	9,874,100	9.1	7,888,500	7.1
Development, Alumni & Communications	3,294,900	3.0	3,873,400	3.5
Other Departmental Operations	1,473,500	1.4	1,595,500	1.4
Operations and Maintenance of Plant				
Facilities Operations	1,541,700	1.4	1,911,600	1.7
University Attributed: Building & Utilities	2,131,500	2.0	1,943,600	1.7
General University Assessment	11,603,800	10.7	12,802,500	11.5
Subtotal—Operations	103,057,100	95.3	110,368,400	99.0
Increase in Operating Fund Balances	5,040,500	4.7	1,105,000	1.0
TOTAL USES	\$108,097,600	100.0	\$111,473,400	100.0
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)	\$(557,700)

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



2000-2001 SUMMARY OF OPERATING SOURCES



University
of Michigan
Business
School

ENDOWMENT AND QUASI-ENDOWMENT FUNDS

	Endowment	School Quasi- Endowment	WDI Quasi- Endowment	Totals
BEGINNING BALANCES, July 1, 2000	\$51,723,476	\$54,404,225	\$37,266,742	\$143,394,443
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	\$60,713,438	\$62,407,034	\$36,480,392	\$159,600,864

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	116,670,797
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

BUILDING AND EQUIPMENT FUNDS*

SOURCES	1999-2000	2000-01
Investment Income	\$245,500	\$164,500
Transfers from School Operating Funds	4,744,300	1,068,100
Transfers from University Funds	1,500,000	
Gifts	361,100	404,300
Decrease in Fund Balances		934,500
TOTALS	\$6,850,900	\$2,571,400

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.

2000-2001 SUMMARY OF OPERATING USES

Increase in Operating
Fund Balances 1%

Alumni and Development 4%

Facilities and Other 3%

Research and
Public Service 6%

Student Services and Aid 13%

University Attributed Costs 13%

Executive Education 24%

Degree Programs and
Faculty Support 36%

Fast Facts

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 CFI 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.



The Office of Tax Policy Research (OTPR) supports and disseminates academic research on all aspects of the tax system with the goal of informing discussion about the future course of policy. Last May, scholars from 10 countries gathered in London for the World Tax Competition conference to present original

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





**University
of Michigan
Business
School**

University of Michigan Business School

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