

UNIVERSITY OF MICHIGAN BUSINESS SCHOOL

Highlights

ANNUAL REPORT 1997



VITAL STATISTICS

HISTORY

As early as 1887, the University of Michigan offered courses in public finance and industrial history. In 1924, the University of Michigan Business School was formally established to offer graduate studies in business administration. A doctoral studies program was added in 1935 followed by the undergraduate degree program in 1942. Executive Education also was founded in 1935. Executive Education was originally named the Bureau of Industrial Relations.

FACULTY

Dean B. Joseph White leads a teaching and research faculty of 130 who make up the following departments:

- Accounting
- Business Administration
- Business Economics and Public Policy
- Computer and Information Systems
- Corporate Strategy
- Finance
- International Business
- Law, History and Communication
- Marketing
- Operations Management
- Organizational Behavior and Human Resource Management
- Statistics and Management Science

ENROLLMENT

Bachelors in Business Administration	543
Master of Accounting	13
Master of Business Administration (full-time)	853
Master of Business Administration (part-time)	1,033
Ph.D.	60

EXECUTIVE EDUCATION

The University of Michigan Business School continues to be the worldwide market leader in executive education. This year more than 5,000 men and women from approximately 1,600 organizations around the world attended Executive Education programs and seminars in the following subject areas:

- Accounting and Finance
- Corporate Strategy and Operations Management
- Cross-Functional Management
- General Management
- Human Resources
- International Business
- Managerial Leadership
- Marketing

Executive Education also develops customized programs. Programs and seminars are held in Ann Arbor, Michigan, and in several locations in Europe and Asia. Most sessions range in length from two days to four weeks.

WILLIAM DAVIDSON INSTITUTE

The William Davidson Institute is a nonprofit, independent, educational institute dedicated to developing and disseminating expertise on issues affecting firms in transitional economies. The institute is headquartered at the University of Michigan Business School. To achieve its mission, the Davidson Institute:

- conducts research on all issues related to emerging economies
- offers executive education and practical project-based business assistance
- sponsors international in-company learning assignments for MBA and graduate students

- hosts conferences and workshops
- encourages and facilitates discussion among foreign and domestic business leaders and public policy makers on all issues related to business in transitional economies

SPECIALIZED OPERATIONS

- BT Global Learning Center
- Business and Industrial Assistance Division
- Center for International Business Education
- Collaboratory for Research on Electronic Work
- Corporate Environmental Management Program
- Fred A. and Barbara M. Erb Environmental Management Institute
- Global Business Partnership
- Global Citizenship Program
- Global Leadership Program
- Global MBA Program
- Human Resource Management Journal
- Institute for Labor and Industrial Relations
- Leadership Development Program
- MBA Domestic Corps
- Mitsui Life Financial Research Center
- National Quality Research Center
- National Tax Journal
- Nippon Telephone and Telegraph Program in Asian Finance and Economics
- Office for the Study of Private Equity Finance
- Office of Tax Policy Research
- William A. Paton Accounting Center
- Joel D. Tauber Manufacturing Institute

LIBRARY

The Kresge Business Administration Library is one of the nation's largest business libraries, containing:

- 139,000 volumes
- 400,000 microforms
- 3,000 periodicals
- 27 online database and CD-ROM services
- 5,000 working papers

COMPUTING FACILITIES

A 50,000-square-foot computing center is equipped with 170 advanced microcomputers. A 900-node Ethernet network connects every facet of the Business School to the University of Michigan's main computing system via Internet links.

ALUMNI

A network of 29,000 women and men living in all 50 United States and 77 countries make up the Business School alumni. The University of Michigan's worldwide alumni network totals 404,668.

GIFT SUPPORT

Cash gifts from alumni, corporations and foundations totaled \$13.0 million. Gifts of \$1.5 million for the William Davidson Institute brought the total of gifts to the University of Michigan Business School in 1996-97 to \$14.5 million.

FINANCES

The School's 1996-97 revenues were over \$83 million. Student tuition and fees accounted for 43% of that total, Executive Education 31%, with the balance from research grants, gifts, and investment income. The market value of the School's endowment on June 30, 1997, was approximately \$105 million.



Michael Schimpf

TABLE OF CONTENTS

From the Dean

- Together: Setting a New Standard in Management Education 2

Students

- Training Leaders and Global Citizens 5
- In-Company Learning Assignments
Take Students Around the Globe 7
- A Profound Difference: Campaign Yields
95 New Scholarships 10

Teaching

- "MAP" Delivers Teaching on Demand 11
- Faculty Salute Colleague for
Sustained Contributions 13
- Students Name Outstanding Teachers 14
- Executive Education: From Hong Kong to HUD 16

Research

- Retirement Law Will Be Critical to Baby Boomers 19
- Bagozzi Develops New Model for Decision-Making 20
- New Books in Print in 1997 22
- Campaign Gifts Fund New Institutes,
Centers, Programs and Offices 24

Alumni

- The Alumni Network: A Michigan Tradition 26
- Michigan Grads: Leaders in All Fields 27
- Commencement: A Time for Celebration 28

Corporate Partners

- Michigan MBAs Are Tops at Deloitte & Touche 30
- Intel Goes the Distance for Michigan Grads 31
- Corporate Associates Provide Essential Funding 32

Financial Report 34

Volunteer Leadership

- Alumni Society Board of Governors 37
- Corporate Advisory Board 37
- National Campaign Committee 38
- Visiting Committee 39
- Growth Fund Trustees 40
- Alumni Investment Managers 40

Cover Photos by Michael Schimpf

Dean: B. Joseph White

Senior Associate Dean: Edward A. Snyder

Associate Deans: Guatam Kaul, George J. Seidel III

Editor: Cynthia Shaw

Contributor: Margaret Hooks

Copy Editor: Fred Wessells

Editorial Assistants: Julie Antis, Tyler Bingham, Mary Joslyn

Designer: Blue Pencil Creative Group, Ltd.

Photographers: Paul R. Erickson, Gregory Fox, D. C. Goings,
Paul Jaronski, Michael Schimpf

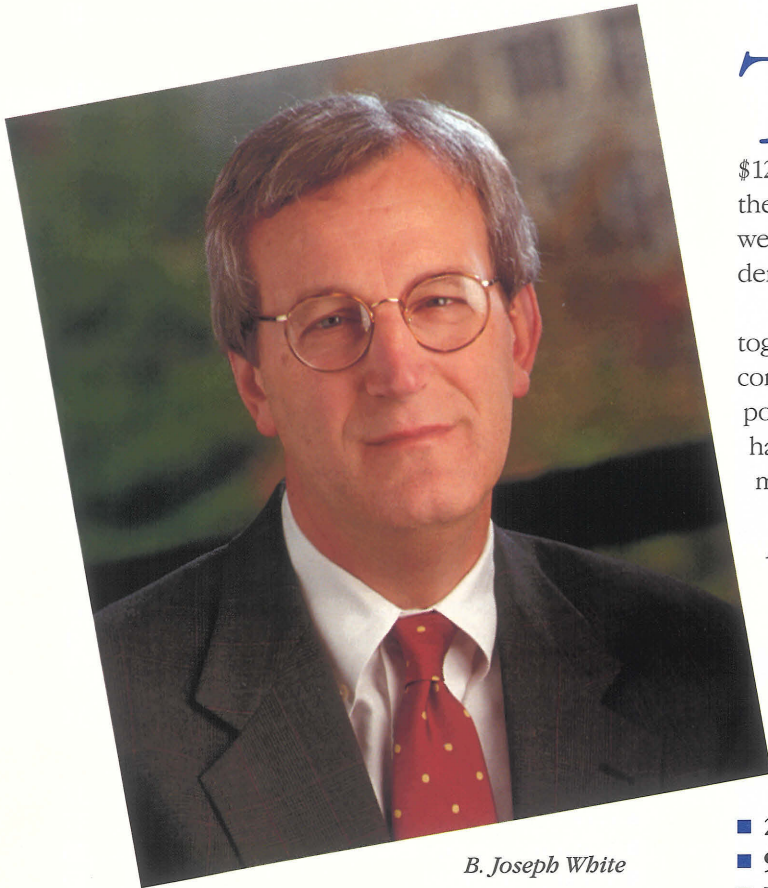
Printer: Clark Graphics Inc.

Copyright ©1997 University of Michigan Business School.

This publication is made possible through the
generosity of private donations.

FROM THE DEAN

Together: Setting a New Standard in Management Education



B. Joseph White

The greatest year in recent memory....
There is no better way to characterize 1997.

This year concludes a seven-year, \$125 million capital campaign—a triumph for the University of Michigan Business School. There were nearly 50,000 gifts contributed to this unprecedented endeavor!

Think what this says: Michigan graduates, together with friends, charitable institutions and corporations large and small, voted with their pocketbooks to endorse the values and visions that have made Michigan the new standard for management education.

The theme of this year's annual report is *Look What Your Gifts Can Do*. It is a celebratory publication, one designed to salute all of you who, because of your generosity, enabled us to compete successfully with the finest business schools in the world. Compete and win: Our graduates are—bar none—the best prepared for business leadership in the 21st century.

Your gifts have given life to

- **20 new endowed professorships**
- **95 new scholarships and fellowships**
- **Nine new programs, centers and institutes**
- **A new building**
- **A rededicated building**

It is my firm belief that the caliber of an academic institution rests upon the quality of its faculty, and our faculty are the lifeblood of this school. With 20 new endowed professorships, we can recognize or recruit and retain that many more top scholars to the Michigan fold. In academic life, there is no form of recognition more valued than an endowed professorship. On page 21, we recognize all those who endowed professorships during this capital campaign.

On page 10, we highlight a few of the 95 new scholarship and fellowship opportunities we now have for drawing world-class students—BBAs, MBAs and PhDs—to our classrooms. Just as we recruit rigorously for premier faculty, we also campaign for those exemplary students. Many of you reading this

publication know this from firsthand experience. Michigan graduates are the best and the brightest. Scholarships and fellowships guarantee a wide range of stellar students come here to study regardless of their financial ability.

The nine new programs, centers and institutes, which you can read about on pages 22–23, represent areas of significant intellectual breadth and depth. They also represent the bountiful relationships that

This year concludes a seven-year, \$125 million capital campaign—a triumph for the University of Michigan Business School.

result when donors' dreams are paired with the intellectual drives of scholars.

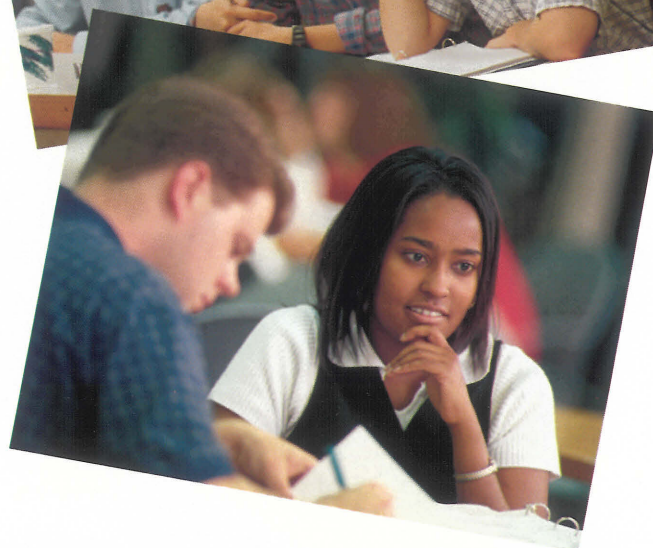
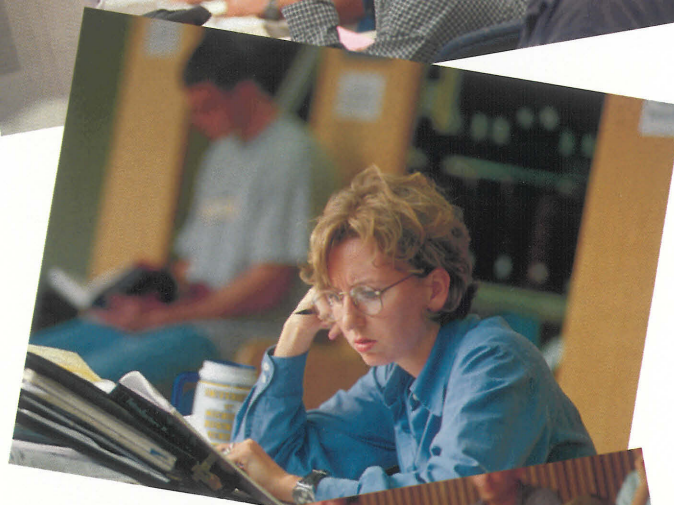
Four men must be recognized for leading this spectacular charge: **Fred Erb**, BBA '47, established the Erb Environmental Management Institute; **Joel D. Tauber**, BBA '56/MBA '63, created the Tauber Manufacturing Institute; **Sam Wyly**, MBA '57, gave the lead gift for our new 75,000-square-foot Sam Wyly Hall; and, **Bill Davidson**, BBA '47, and Guardian Industries formed the William Davidson Institute and contributed significantly to Sam Wyly Hall. In September we renamed the Business Administration Building William Davidson Hall.

Michigan students, teaching, research, alumni and corporate partners are featured in the pages that follow. I am thrilled to share the highlights of this momentous year with you.

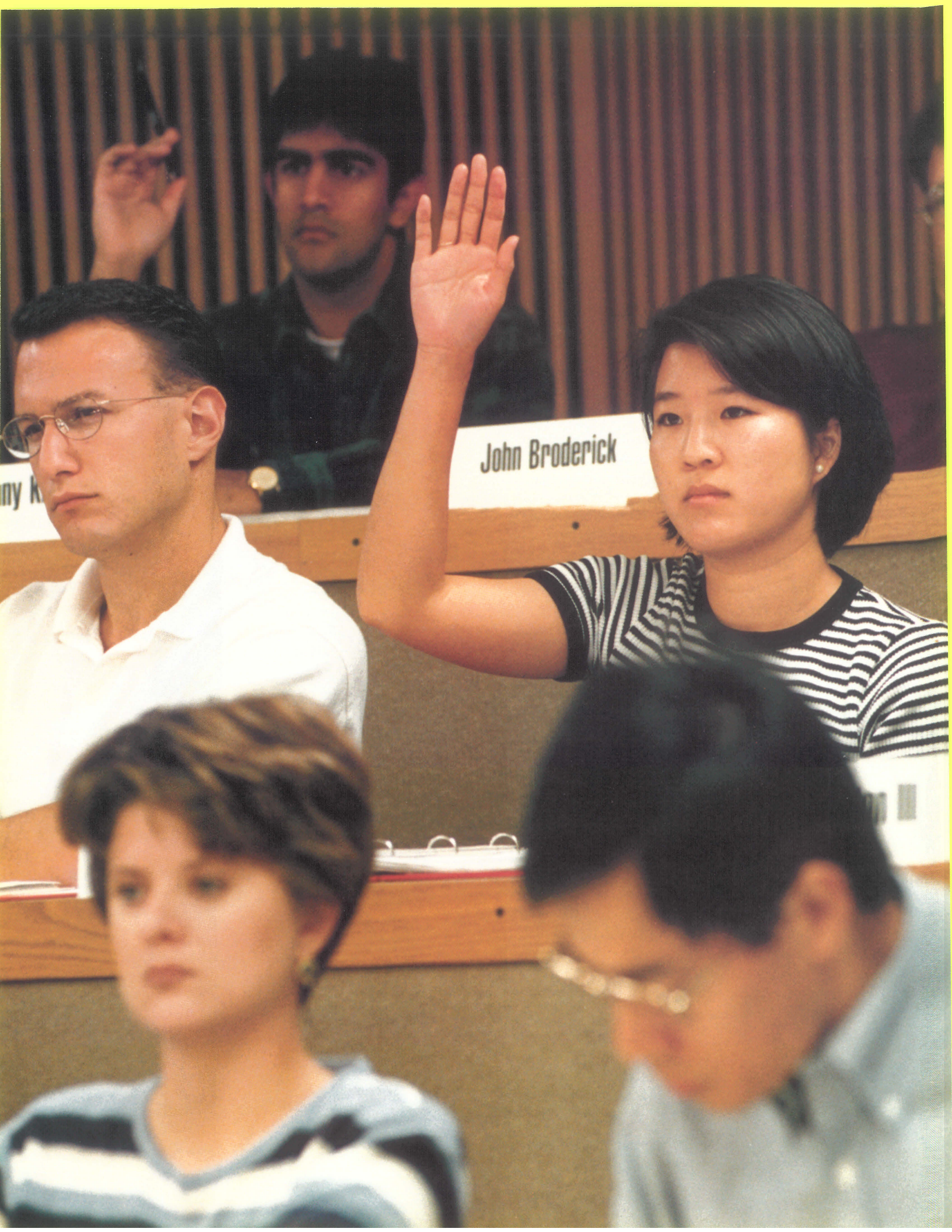
B. Joseph White

B. Joseph White
Dean

University of Michigan Business School



Photos on pages 2 and 3 by Michael Schimpf



STUDENTS

Training Leaders and Global Citizens

Leadership potential—that is the common denominator among all incoming MBA students. It is also the all-important focus of the Leadership Development Program, the intensive, week-long orientation program designed to immerse students in lessons that build leaders.

Through a series of Outward Bound–like team-building exercises, interactive seminars, field projects and thought-provoking self-examinations, students grapple with four critical issues: What does it take to be a leader? How do you build and motivate teams? How do you manage diversity? And how and why should you develop a global mindset?

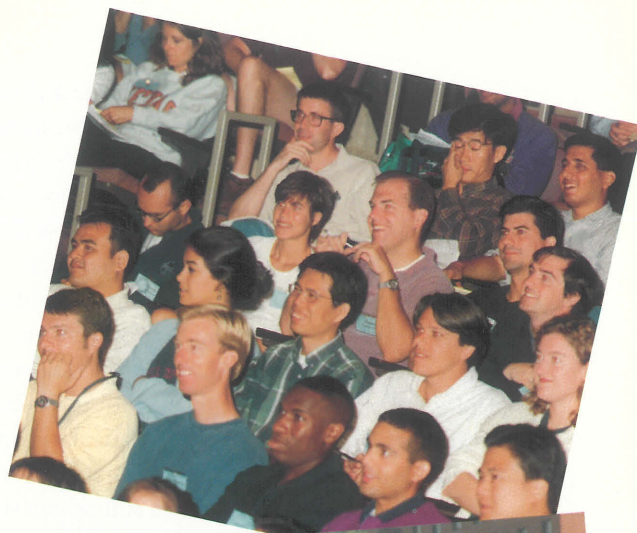
“What sticks out in my mind,” says Melisa Levitt, “is that traditional leadership won’t cut it today.”

Action learning—education by doing, reflecting and discussing—is used to teach team dynamics and

*What does it take to be a leader?
How do you build and motivate
teams? How do you manage
diversity? And how and why should
you develop a global mindset?*

methods for improving team effectiveness. Noel Tichy, professor of organizational behavior and human resource management, director of the Global Leadership Program and author of the best-selling books, *Control Your Destiny Or Someone Else Will* and *The Leadership Engine* (see page 23), leads exercises designed to develop awareness of one’s values and gain a deeper understanding of the why, when and how to act on those values.

Tichy also introduces Global Citizenship, the concept that businesses must make real long-term commitment to the communities in which they operate. In doing so, he says they will be not only



Photos by Gregory Fox

socially responsible but also profitable and ethical. Teaching global citizenship to future business leaders is an imperative at the Business School. To expose the students to the complex problems business leaders must understand and face, student teams are bussed to various sites for a day of volunteer work.

This year, students furthered the building of homes in Ann Arbor and Benton Harbor, Michigan, at Habitat for Humanity sites. They assisted United Way agencies in Detroit with projects ranging from interior painting to roller blade and bicycle repair. Others mentored "students-at-risk" at an Ann Arbor middle school while still others volunteered in the food service and distribution area of Focus:HOPE, the Detroit-based civil and human rights organization.

"What we learned this week was very useful," says Robert Albritton. "Some of it, like our global citizenship experience, was outstanding!"

"Global citizenship is important because it relates to our development beyond the classroom," adds

To what extent are you a team player? How successfully do you sell your ideas to others? How creative are you in approaching a problem?

Charlie Garcia. "I enjoyed meeting people in the community who were as excited about what they are doing as we are."

On the fifth and final day of the Leadership Development Program, students participate in an Executive Education-style Executive Skills session in self-assessment. Students answer a management skills survey that asks: To what extent are you a team player? How successfully do you sell your ideas to others? How creative are you in approaching a problem?

Students compare their personal perceptions with objective assessments provided by their teammates throughout the experience and the overall class average to better understand their own leadership strengths and weaknesses. With a comprehensive view of themselves in hand, the lessons of the week securely in mind and two years of rigorous opportunity before them, the Class of 1998 stands ready to embark on the all-encompassing adventure that is the University of Michigan Business School MBA Program.



Special Thanks to Corporate Supporters

The following companies supported the 1997 Global Citizenship activities through executive participation and/or support of ongoing projects and citizenship efforts:

- Ameritech
- Andersen Consulting Strategic Services
- Ford Motor Company
- Procter & Gamble Company
- Warner-Lambert Company
- Whirlpool Corp.

In-Company Learning Assignments Take Students Around the Globe

The William Davidson Institute, the African Business Development Corps, the Global Projects course and IMAP, the International Multidisciplinary Action Project course, send student teams around the world to carry out general business management assignments at multinational corporations and indigenous companies. In 1997, student teams fulfilled assignments in 24 countries, including:

Africa

- South Africa
- Namibia
- Zimbabwe

Asia

- China
- Indonesia
- Israel
- Vietnam

Eastern Europe

- Czech Republic
- Romania
- Slovakia
- Hungary
- Poland

Western Europe

- France
- Germany
- Italy
- Portugal
- Sweden
- The Netherlands
- United Kingdom

North America

- Mexico
- United States

South America

- Argentina
- Brazil
- Chile

On Assignment: One Student's Perspective

Raman Singh, a second-year MBA student, has participated in two international assignments, one to Israel to devise a full-scale marketing plan for a new national park, and another to China, where he and team-mates advised China Hewlett-Packard on growth opportunities for its test and measurement operations.

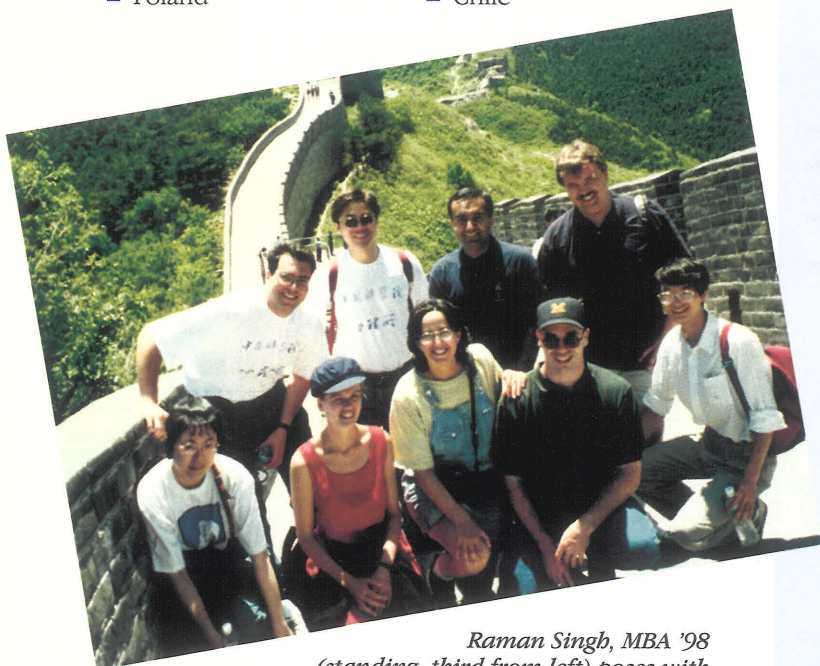
What did he learn?

"These assignments, particularly the project in China, sensitized me to a completely different work environment," Singh says. "I learned to assume nothing. Now, I have the skill-set to question everything—including my own assumptions."

Singh's assignment in Israel was a seven-week IMAP—International Multidisciplinary Action Project—course. There, he was exposed to business in an international setting. "Israel is not very different from the United States in terms of lifestyle and business practices," he says. "What is different are the levels of opportunity. The government-supported business incubators are filled with new technologies in search of commercial markets. Most of these markets are in Europe and the United States. We had to learn how to do business in many countries in order to develop business plans for these products."

Singh's China experience was completely different. He spent his three-month summer break there as part of a three-member team sent by the William Davidson Institute to China Hewlett-Packard. "The biggest challenge was adapting to the Chinese way of doing things, socially as well as in a business context," he says. "In China, for example, lunch is sacred. People want to get out of any meeting at noon in order to have lunch. You must keep that in mind when you are scheduling meetings."

Singh, an engineer by training who plans to go into consulting upon graduation, says he would welcome an opportunity to return to China. "These trips made me better suited for an international assignment," he says. "They also made me much more patient. You must be very patient when doing business in a foreign country."



Raman Singh, MBA '98 (standing, third from left) poses with other MBA students on assignment in China and their local contact (kneeling, far right) on the Great Wall.



BBA Orientation Sets the Stage

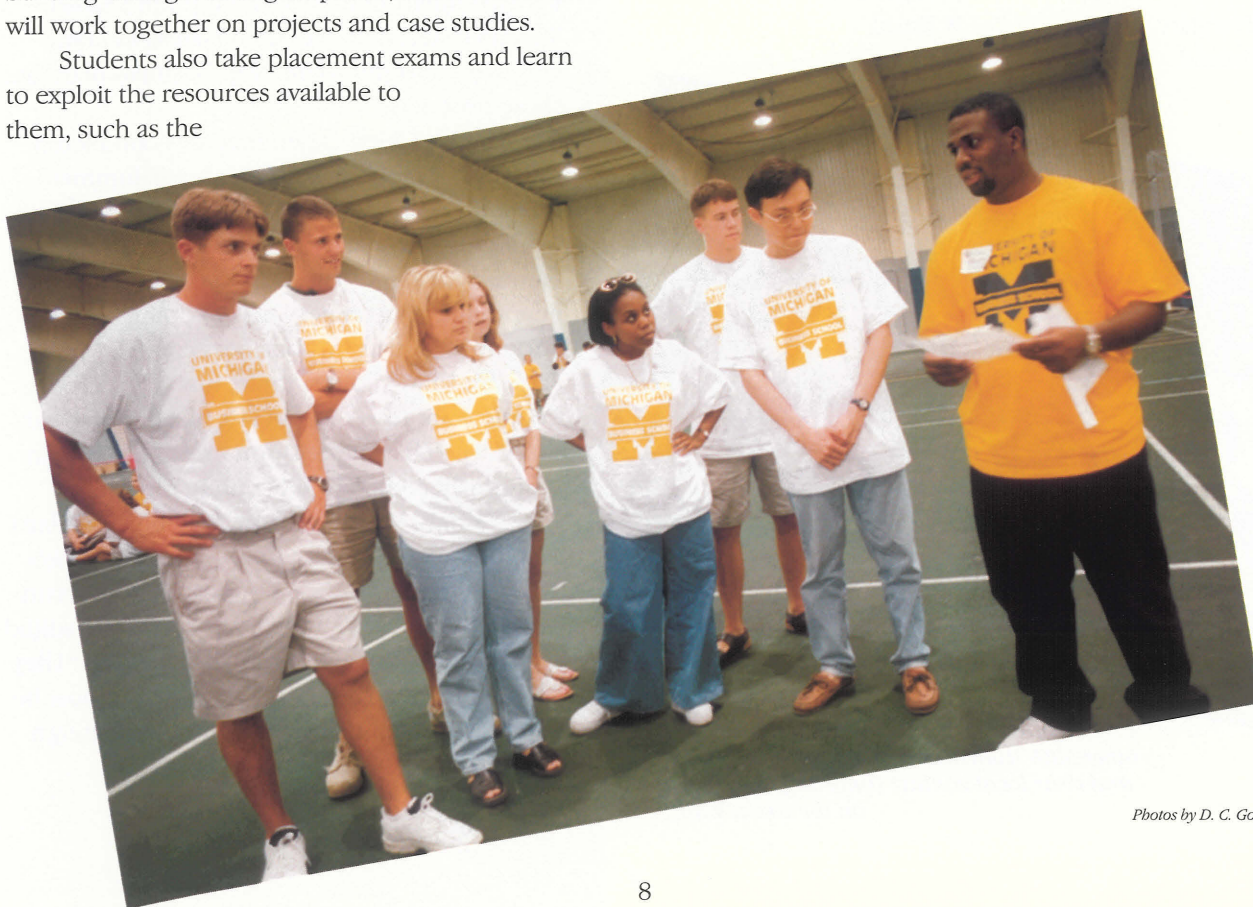
New BBA students receive an intensive two-day orientation that is modeled after the MBA Leadership Development Program and geared toward helping them make a smooth transition to the Business School.

BBA students are accepted into the undergraduate program after they have successfully completed two years of liberal arts study. At the orientation, team-building skills get strong emphasis, because students will work together on projects and case studies.

Students also take placement exams and learn to exploit the resources available to them, such as the

Kresge Library and M-Track, the Business School's multi-purpose intranet. There is also a faculty/student panel, time to meet representatives of business and service clubs and select class officers.

Dean B. Joseph White, who is always on hand to welcome new students, encourages them unequivocally: "I want to tell you, you can do it," he says. "And you will do well!"

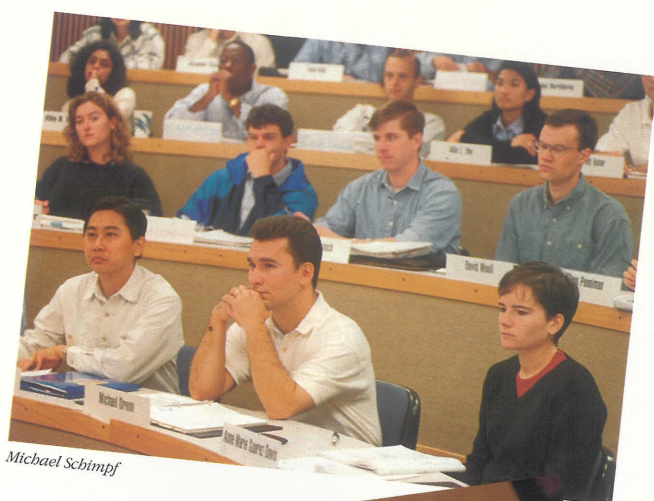


Photos by D. C. Goings

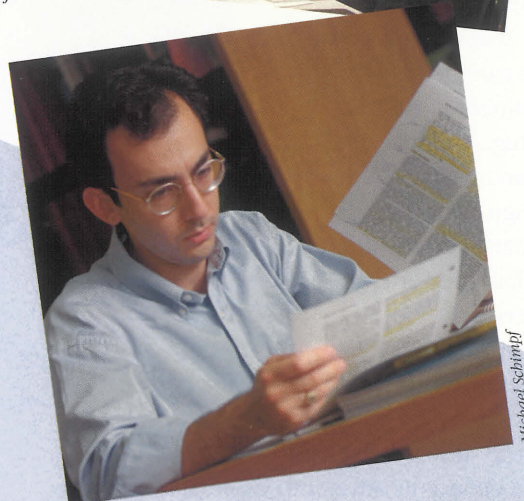
BBA Class of 1997 Student Profile

Class size:	281
GPA:	3.53/4.0
Women:	44%
Minorities:	21%
International:	5%
Foreign language:	*90%

*(completed four or more semesters)



Michael Schimpf



Michael Schimpf



Gregory Fox

MBA Class of 1997 Student Profile

Class size:	412
Median age:	27
Full-time work experience:	97%
GPA:	3.3/4.0
GMAT:	650
Women:	25%
Minorities:	21%
Geographic distribution:	
Northeast	14%
Mid-Atlantic	11%
Midwest	30%
South	5%
Southwest	5%
West	11%
U.S. Territories	1%
International	23%



Gregory Fox

A Profound Difference: Campaign Yields 95 New Scholarships

The \$100 million capital campaign, which concluded in September 1997 and exceeded its goal by an additional \$25 million, includes gifts from individuals and corporations for 95 new scholarships and fellowships.

"These gifts make a profound difference in the lives of Michigan business students," says Dean B. Joseph White. "Scholarships and fellowships free the recipients to focus their efforts on their business education. Students are not bogged down with financial concerns, which we all know can derail even the most promising students."

Scholarship and fellowship donors understand this predicament well and, with great generosity, have given nearly 100 additional opportunities for offering assistance. "These gifts make us a better school," White adds. "Michigan recruits outstanding students to its BBA, MBA and PhD programs. These gifts make it possible for us to attract the best regardless of financial status."

Space prevents all donors from being acknowledged here. What follows are snapshots of the motivations for three of the 95 scholarship and fellowship gifts.

The Holly and John Madigan Endowed Scholarship was given by **John Madigan, BBA '58/MBA '59**, and his wife, Holly.

Madigan, chairman, president and CEO of the Chicago-based Tribune Company and a former member of the Business School's Visiting Committee, paid most of his expenses through undergraduate and graduate school at Michigan by working a series of jobs, including head waiter and kitchen worker at three different fraternity houses. But when that was not always enough, he was able to turn to his father, a 1927 graduate of the Law School.

Madigan and his wife know not all students can turn to their parents in times of need. Hence their desire to share their wealth with Michigan's business students. "My Michigan education has greatly benefited me and my family," Madigan says. "We want to extend the same opportunities to new generations of Business School students who couldn't otherwise afford to attend Michigan."

The Gladys D. and Walter R. Stark Graduate Scholarship and Fellowship Endowment Fund

was given through a planned gift by Gladys Detwyler Stark to honor the memory of her husband, Walter R. Stark, a 1919 graduate of the Business School.

Walter Stark's business career—which is a testament to his fine Michigan education—began in Asia with a foreign subsidiary of Citibank and included work at the Federal Reserve, the U.S. Department of Treasury and Loomis Sayles and Company in Boston, where he served as an economic advisor to General Motors for 25 years.

Gladys Stark is also a University of Michigan graduate. She received her AB degree in 1922 from the College of Literature, Science and the Arts. Stark says she wants her gift "to attract and educate the nation's most exceptional MBA and PhD students to the University of Michigan Business School, regardless of their personal financial resources."

Citibank Academic Excellence Award is given by the international banking concern to recognize outstanding MBA students at the University of Michigan Business School.

Each year, an award of \$2,000 is made by Citibank to the top student in each of the six MBA sections on the basis of academic performance. The awards are made at the end of the first year of the program and are intended to assist in paying the student's tuition during his or her second year in school. The first awards were made for the 1995–96 academic year by Citibank during a fall awards luncheon. Peter C. Thorpe, vice president for university relations and educational programs at Citibank, spearheads this effort.



Gladys D. Stark

TEACHING

“MAP” Delivers Teaching on Demand

The Multidisciplinary Action Project or MAP course required of all first-year MBA students has become a signature offering of the University of Michigan Business School. It is innovative, action learning at its best. It is also innovative, action teaching at its finest.

MAP brings new definition to the practice of teaching. It is a seven-week hands-on learning experience that follows students' first semester-and-a-half of required general business studies. MAP augments the best of traditional, classroom instruction with

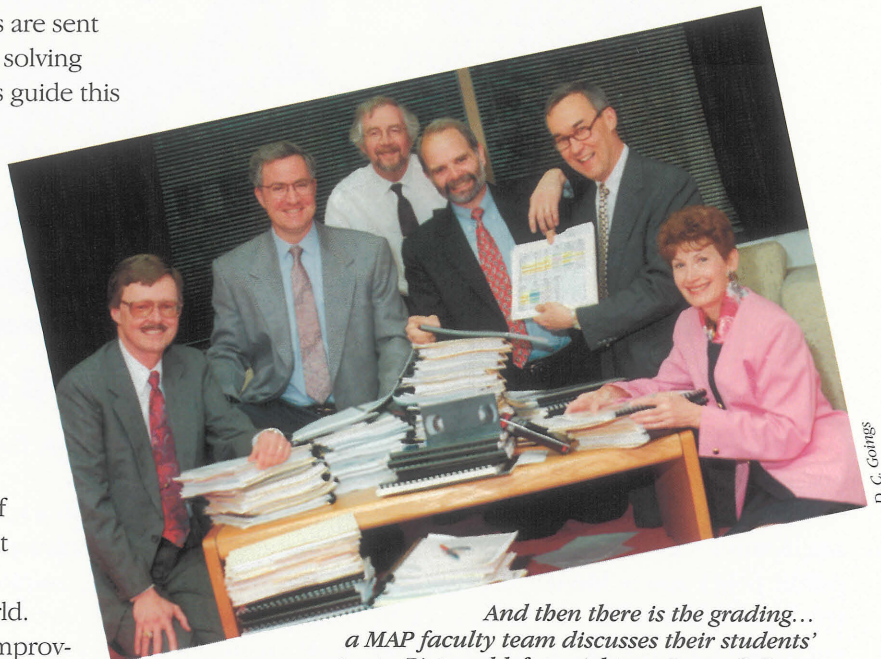
“...business education is enhanced when learning is mixed with doing and theory is balanced with practice.”

real-time business practice. Student teams are sent on full-time assignment and charged with solving specific company problems. Faculty teams guide this dynamic learning process. “The philosophy behind MAP is that business education is enhanced when learning is mixed with doing and theory is balanced with practice,” says Jane Dutton, professor of organizational behavior and human resource management and chair of the 1997 MAP faculty advisory committee.

MAP projects give first-year students the opportunity to apply all they have learned to the actual business problems of sponsoring companies located throughout the United States and, through the International MAP course, around the world. Most assignments involve developing or improving a business process. MAP instructors facilitate this activity.

“Teaching MAP is teaching-on-demand,” says Michael D. Gordon, an associate professor of computer and information systems and a member of the MAP faculty. “For traditional classroom teaching, you do a lot of preparation; you want to have your examples just right. You may have your 80-minute class period timed so you can allocate 20 minutes to this topic and another 20 minutes to that, 10 minutes for discussion and so on. With MAP teaching, you are drawing on what you know on the spot and, hopefully, giving it back to students in a context they can use right away.”

Eighteen Business School faculty teach MAP each year. They are divided into three cross-functional advising teams with each member representing a different academic department. MAP faculty serve as subject-area experts, advisors and coaches. “MAP projects, by their very nature, cut across functional boundaries,” Gordon continues. “They force students to look at disciplines other than their



And then there is the grading... a MAP faculty team discusses their students' reports. Pictured left to right are James S. Reece, Michael D. Gordon, Ted O'Leary, James Walsh, Richard W. Andrews and Anne Harrington.

D. C. Gehrig

own, possibly at an industry they know little if anything about, sometimes using newer, emerging technologies. MAP students get to see a business problem from all different perspectives. That is its real virtue. For faculty, the same is true. We get to take off our departmental and functional blinders and teach the big picture.”

MAP is designed to develop skills in decision-making, change management, project management, teamwork, oral and written communication, critical thinking and analysis and the understanding of core business concepts, methodologies and tools. Faculty enhance this learning through scheduled meetings and written assignments and on-call, on-demand advising.

Complementing the expertise of the faculty advisors is a specialist in team dynamics who is available to students for training in team building and relations, conflict management and problem solving.

Faculty experts and practitioners from consulting firms and other organizations lead special workshops in communication and presentations, data analysis, interviewing, process mapping, project scoping and survey design. This year, consultants from McKinsey & Company conducted a workshop on managing key issues.

It is the MAP faculty who provide guidance and feedback and ensure academic as well as company objectives are being met. “We want to know if the students are keeping pace, if they are doing the right kinds of activities to the right depth of detail,” Gordon says. “If we think they should be doing things differently, we tell them. We also react to their questions. If a team representative says, ‘We don’t understand the relationship between Topic X and Topic Y,’ we have a discussion. That is how the teaching works. It is informal and dynamic, and draws continually on the core of our disciplines.”



Michael Schimpf

Excellent Teaching is Standard at Michigan

Students demand it; the Business School requires it of all faculty. But as Michigan faculty prove, day-in and day-out, excellence comes in a variety of forms.

Classroom instruction is a creative undertaking, the faculty say, delivered in a variety of ways including lectures, case studies and project work. Valerie Y. Suslow, associate professor of business economics and public policy and academic director of the MBA Evening Program, employs several techniques when she teaches Applied Micro-Economics, a core course within the MBA curriculum. Suslow, pictured above, says enthusiasm, humor and a straightforward, well-organized delivery earn her high marks from her students—in this case, new Evening MBA students. (For more information on Michigan’s outstanding teachers, please see pages 13–15.)

Faculty Salute Colleague for Sustained Contributions to Business School

For 22 years, **James S. Reece**, professor of accounting and operations management, has been an exemplary member of the Business School community. In recognition of his long-standing contributions to teaching excellence, the faculty presented Reece with the 1997 Victor L. Bernard Faculty Leadership in Teaching Award.

The award, named in honor of the late Professor Bernard, recognizes not only stellar classroom performance and an outstanding reputation as a

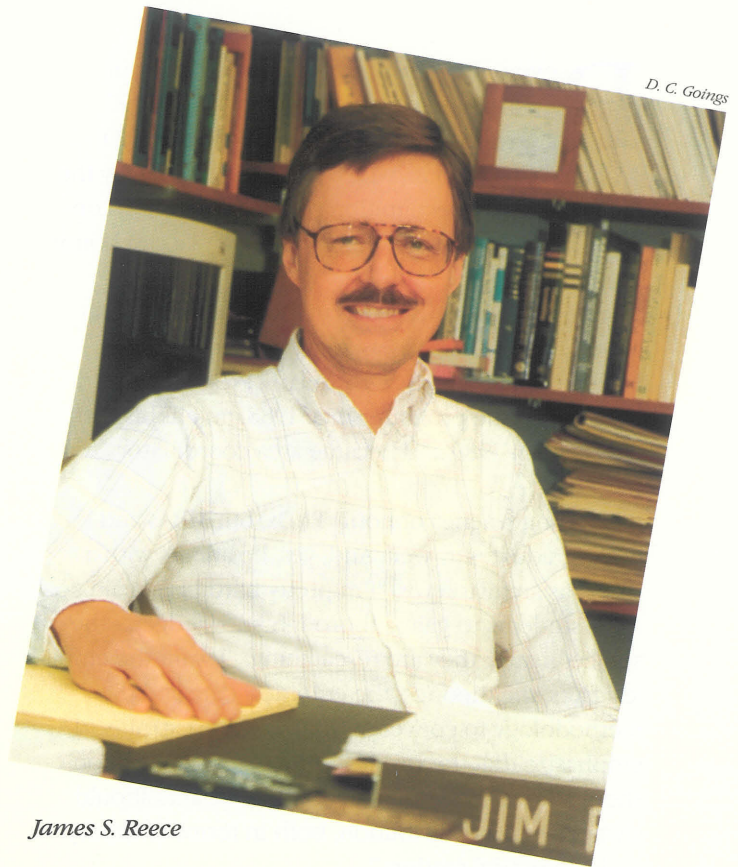
"I have set very few goals in my life. Recognition for teaching was one of them."

committed teacher, but also course development and junior faculty mentoring activities.

Reece joined the University of Michigan Business School faculty in 1975, after earning his academic credentials at Yale and Harvard universities and teaching at Harvard for five years. Upon his arrival in Ann Arbor, he began almost immediately to make significant contributions to the Business School curriculum, including completely overhauling an MBA core course then called Analysis, Planning and Control. He also developed a popular elective course, Management Planning and Control Systems.

Reece also has served as chair of the teaching committee, has been chair of the curriculum committee, serves as faculty director of three different two-week Executive Education programs and developed and has been the sole teacher of two different one-week Executive Education seminars.

"I have set very few goals in my life," Reece said as he accepted his award. "Recognition for teaching was one of them." He is well known for his willingness to mentor junior faculty, to help them improve their teaching effectiveness. He currently teaches the



James S. Reece

required MBA Operations Management course and is a faculty member in MAP—the required multidisciplinary action projects course, in addition to his Executive Education teaching.

"What makes this award so special to me is, first of all, that it is awarded by my peers; and second, because it recognizes teaching activities both in and outside the classroom and over a long period of time."

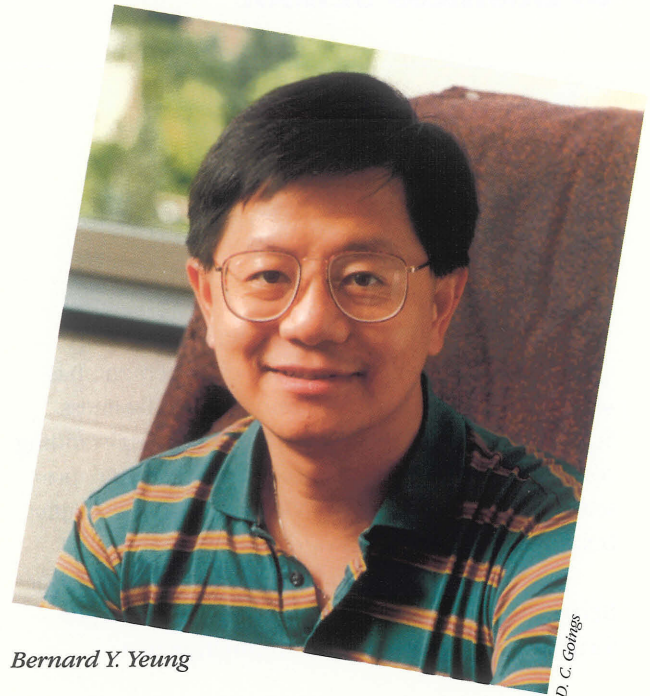
"What makes this award so special to me," Reece says, "is, first of all, that it is awarded by my peers; and second, because it recognizes teaching activities both in and outside the classroom and over a long period of time."

Students Name Outstanding Teachers

Bernard Y. Yeung, associate professor of international business, received the 1997 award for teaching excellence in the PhD program. The plaque, which reads “presented by the PhD students in recognition of the outstanding contribution to our education,” hangs in a place of honor in his home office.

Yeung, who specializes in international investment and trade, serves as area coordinator of the International Business Group PhD Program. He has been in the program since 1988, taught his first PhD class in 1989 and became area coordinator in 1992.

Yeung teaches not only PhDs, but MBAs and undergraduates as well. And, yes, he admits with a smile, as an instructor, “I’m pretty hard.” His main goal is for students to gain a thorough knowledge of the subject matter they are researching. “I want the empirical facts, the theories, the empirical data and the methodology to converge for them,” he explains. “I emphasize that the results of the research question should always be in mind, and those results should always make a contribution, both in terms of theory and in practical matters.”



Bernard Y. Yeung

D. C. Goings

Yeung also encourages his students to question everything. “I tell students they will benefit from the refusal to believe,” he says. “In this way, they will engage in a serious robustness check. To me, that is a powerful way to become rigorous. And I emphasize the work must be rigorous.”

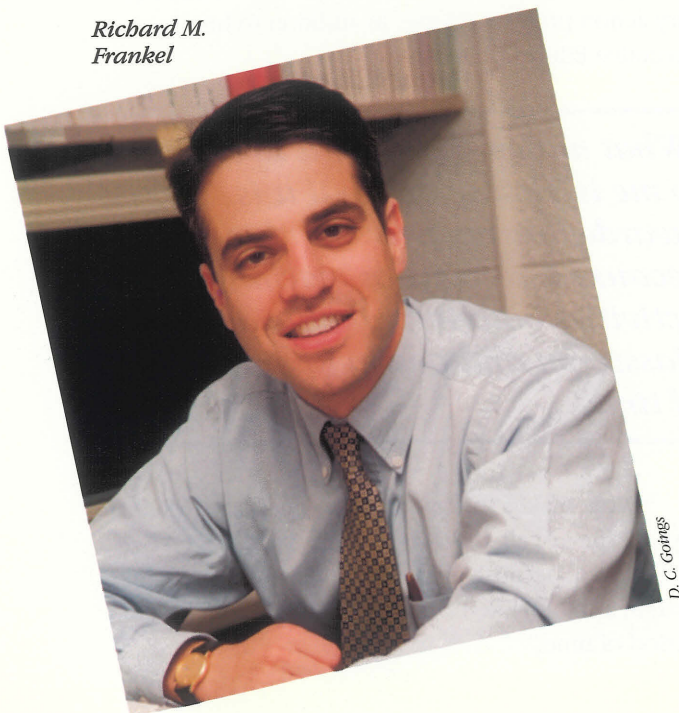
For Yeung, self-discovery is an important part of the educational process. “I don’t tell students what is the right theory or the right approach,” he says. “I don’t push them; I want them to learn to pull themselves.”

When **Richard M. Frankel**, assistant professor of accounting, received the 1997 MBA Student Award for Teaching Excellence, he joked he was given the honor because, after five years of teaching Accounting 501, he “finally started to understand the material.”

His course, Introductory Financial Accounting, is required for all MBA students, unless they are already CPAs. Frankel teaches approximately 200 first-year MBA students per year, using a combination of lecture and question-and-answer formats to provide an overview of key accounting principles.

“In an introductory class, it’s hard to cover everything,” he explains. “I concentrate on one or two key points about a particular accounting concept each day. I lecture, then ask students questions to make sure they’re with me and they understand the material.”

*Richard M.
Frankel*



D. C. Goings

To keep the subject matter interesting for both students and teacher, Frankel frequently changes the companies studied and makes sure the financial statements are current. "We use up-to-date balance sheets so students can see what is happening now, at the present time," he says. "That way, they can relate current events—like the economy, for example, and other factors that affect a company's finances—with the numbers that are showing up on a company's financial statement."

This year, the class will examine the finances of Amazon.com, the online bookstore, as well as America Online, The Gap and Urban Outfitters.

The ultimate goal, Frankel says, is to provide a necessary framework for his students, many of whom are marketing majors or preparing to be financial analysts. "I tell them we're studying the trunk of the tree and its main branches; the leaves will come later," he says.

For **Scott A. Moore**, assistant professor of computer and information systems, winning the 1997 BBA Student Award for Teaching Excellence was not only "a huge honor," it was also a complete surprise.

This is the fifth year Moore has taught the required Introductory Computer and Information Systems class. Because of the changing nature of the field, about 20 percent of the course material is updated every year, he says. He also teaches the elective, Introduction to Databases.

As a rule, students begin Moore's introductory class with general computer knowledge. "These students are eager to increase their computer knowledge. They realize how vital this knowledge is to the performance of their jobs," he says. To immerse them in the subject matter, Moore favors a hands-on teaching style: "I like to get students involved in classroom activity," he says. "Instead of my lecturing them,

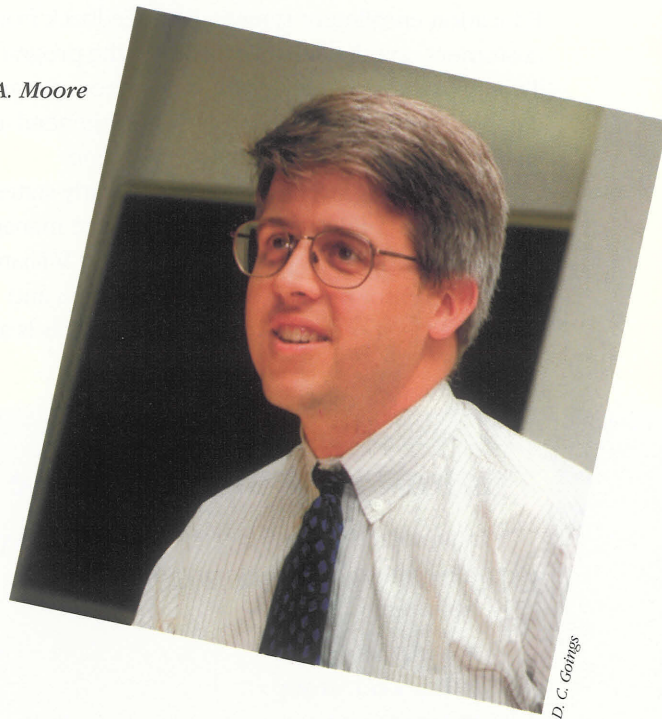
it's the students participating and interacting with other students, with me and with the material."

Role-playing exercises are part of the learning process. "Everyone is assigned a role and plays a different part of a computer or a software system," he explains. "This way, they learn what the processor does, what the RAM does and how the different parts interact with each other. It serves to make the material more approachable."

He also requests student feedback after every class. "I want to know what students thought about the class and how it could be better," he says. "I'm always looking for ideas."

Moore maintains a relaxed and informal classroom style. "I tend to laugh a lot," he points out. "I'm not always the serious guy students expect their professors to be."

Scott A. Moore



D. C. Goings

Executive Education: From Hong Kong to HUD

Business Week magazine released their 1997 rankings for Executive Education on October 20, and the findings are conclusive: Executive Education at the University of Michigan Business School is rated No. 2 worldwide.

The weekly magazine ranked the Business School No. 1 in human resource education for the fourth straight year and No. 3 in general management.

"Our institutional goal is to do a superb job in our mission of educating and developing leaders for business," says Dean B. Joseph White, "and in creating important knowledge about business that is influential in the academic disciplines and in business practice. However, there is no denying that high rankings of our programs help convey to the world the quality of our institution and our work. And, let's face it, it is fun to win, whatever the game."

Well before the rankings were released, Executive Education enrollment statistics and feedback from customers revealed a banner year for the program. Twenty-two new programs were launched, geographic reach was extended and enrollment for general and customized programs continued to ascend.

"As the *Business Week* article so clearly states, there is a tremendous need for nondegree management education," says George J. Siedel III, Williamson Family Professor of Business Administration and Associate Dean of Executive Education. "This is an

exciting time for Executive Education at Michigan. We have the faculty—our excellent teachers—and, with the completion of Sam Wyly Hall, facilities that are second to none."

In 1997, Executive Education opened a regional office in Hong Kong to better serve its clients in Asia

"Our institutional goal is to do a superb job in our mission of educating and developing leaders for business."

and coordinate the programs the Business School offers in the region. It also initiated the Asia-Pacific Human Resource Partnership, a consortium of senior Asian, American and European human resource executives from 30 major companies operating in the region. Execs from AlliedSignal, Digital Equipment, General Motors, Samsung, Sony, Honda, Philips Electronics and Volkswagen, to name a few, meet twice a year to engage in high-level discussion, benchmark one another and identify and share best-practice information.

Customized programs for companies in the United States and abroad also grew significantly in 1997. The *Business Week* article illustrates its coverage of customized programs with a discussion of a course Michigan is designing for Sony Electronics, a subsidiary of Sony Corp., called "Leadership 2000." C. K. Prahalad, the Harvey C. Fruehauf Professor of Business Administration and world-renowned corporate strategist, is developing the program, which will be taught next year, on methods for creating growth opportunities.

This year, customized programs were designed and delivered to numerous organizations (see box), including the U.S. Department of Housing and Urban Development. Unlike other clients, HUD needed a customized program for 275 senior supervisors and managers that could be taught in 57 sites spanning four time zones. The only way to do this was via distance learning technology.

"This was a tremendous opportunity for our faculty," says Lucy Chin, associate director of Executive Education. "Executive Education instructors are experienced faculty, individuals who have been teaching

Tailor-Made and Effective

Customized programs were developed for and delivered to numerous organizations in 1997, including:

- Citibank
- Daewoo Group
- Dana Corp.
- Egon Zehnder
- Ford Motor Company
- Maravan
- Parke-Davis
- Rexam
- Treasury Management Association
- U.S. Department of Housing and Urban Development
- Whirlpool Corp.

for us for 12 to 20 years. For every customized program, they gear the instruction to the specific needs of the client organization. For HUD, the faculty had the added challenge—and opportunity—to adapt their material and its delivery for an interactive, electronic experience.”

“It has been five months since Michigan taught our five-day program,” adds Armand Carriere, the executive program coordinator for HUD, “and I am still getting feedback regarding the value of the

program from our people. The instructors were excellent, they were perceived as being knowledgeable and they adapted to the medium, despite the fact this was new territory for most of them. The faculty worked hard to make this as close to a classroom experience as possible.”

Carriere says HUD has sent one or two senior managers to Michigan’s Executive Education programs each year for the past few years, and he anticipates the department will continue to do so.

Michigan Around the World

Michigan’s Executive Education offers lifelong management education to business leaders the world over. Through open enrollment courses and customized programs, managers and executives gain the knowledge, tools and associations necessary for success in the business environment of today—and tomorrow.

The innovative curricula and high-impact exchange of ideas that distinguish the University of Michigan Business School’s Executive Education offerings emanate from Ann Arbor to the following locations:

China

- Beijing
- Hong Kong
- Shanghai

England

- London

France

- Paris

India

- Bangalore

Singapore

- Singapore

Spain

- Barcelona

Switzerland

- Lake Geneva

Taiwan

- Taipei

Thailand

- Bangkok

Venezuela

- Caracas





RESEARCH

Retirement Law Will Be Critical to Baby Boomers

Most everyone is familiar with the term Yuppies—Young Urban Professionals. Dana Muir thinks it is imperative for people to also be familiar with “Guppies,” the moniker she has coined for Grossly Under-Prepared Persons—the baby boomers who have not planned ahead for their retirement.

Muir is an assistant professor of business law, a legal scholar specializing in the area of compensation and benefits. Her research explores the myriad economic, social and political issues associated with ERISA, the federal Employee Retirement Income Security Act of 1974 that regulates non-cash and deferred compensation and benefits plans. In recognition of her work, the Business School this year awarded her the Sanford R. Robertson chaired professorship. From the Academy of Legal Studies in Business, she received the national 1997 Junior Faculty Award of Excellence.

Because baby boomers are the largest demographic group in the United States, the projected number of Guppies—those ill-prepared to support themselves in their retirement—may be unprecedented, Muir says. “As Guppies realize their individual savings and Social Security will not sufficiently support them, they will look increasingly to employers to make up the difference.”

Muir, who handled compensation and benefits at Chrysler Corp. for eight years before earning her law degree at the University of Michigan, is sensitive to the concerns of the employer when it comes to the issue of employee benefits. Benefit plans in the United States are offered voluntarily by employers, she explains, yet once an employer makes a decision to sponsor a benefits program, many of the offerings are regulated by the federal government.

“The more protections or requirements the government imposes, the more costly it is for an employer to sponsor a plan,” she says. “In many cases it is easier and more fiscally prudent for an employer



Dana Muir

D. C. Goings

to eliminate the company benefits plan rather than comply with the new regulations. Mandated benefits often end up hurting the very people they were intended to help. They may actually increase rather than alleviate our growing Guppie population. I think employers have a real interest in avoiding or heading off this problem.”

Muir is a proponent of voluntary plan sponsorship. Tax incentives and their associated guidelines provide encouragement to employers to sponsor benefit plans and ensure that benefit distribution is equitable. Beyond that, she says it is best left up to employers, those who understand the status of their particular companies and their workforces, to determine the kind, quantity and terms of benefits they can consistently offer.

Though some changes to ERISA (it has been modified nearly every year since its inception) have had important goals—for example, extension of certain rights to spouses of employees—regulation is not always the right way to solve a problem, particularly if legislation is passed in response to a small yet vocal employee group, she says.

“I am concerned about the trade-off in our current law between our system of voluntary plan sponsorship—where employers have the right to decide whether or not they want to sponsor a plan—and our need as a society to mandate sufficient protections for employees who benefit from employer-sponsored benefit plans. These two goals are very much in tension. The aging population—the aging baby boomers—will force us to deal with these questions. We won’t be able to avoid them anymore.”



Paul Jaroniski

Richard P. Bagozzi

Bagozzi Develops A New Model for Decision-Making

Richard P. Bagozzi, the Dwight F. Benton Professor of Marketing and Behavioral Science in Management, conducts basic research. He creates, through theorization, experimentation and field research, new knowledge in its purest form.

An electrical engineer by training, Bagozzi earned a doctorate in marketing in order to pursue his twin loves—quantitative methods and behavioral science. This analytical approach to behavior has significantly advanced his field.

To date, he has received numerous honors and awards, including two international lifetime achievement awards—from the American Marketing Association and the Association for Consumer Research—for his research, and two major education awards, the Marketing-Educator of the Year Award from the Academy of Marketing Science and the Distinguished Educator Award, a lifetime achievement award given by the American Marketing Association. But most cherished are three awards for teaching—to undergraduates, MBAs and PhDs.

Bagozzi studies human motivation, emotions, purposeful behavior and decision-making. His research is multidisciplinary and often cross cultural. For example, in one study he defines through data acquisition and analysis the meaning of the self-concept for Japanese and American consumers. Currently, he is advancing fundamental understanding of the decision-making process for consumer goods as well as health behaviors.

Marketers have long studied the buying intentions of consumers. Think of the blind taste test: A consumer chooses between Product A and Product B. A selection is made and a preference established. Bagozzi wants to know what happens after the preference is stated. Does the individual actually buy the product? What are the steps involved? How are hurdles impeding the process cleared? What are the effects of personal will and motivation on the outcome? "Once a person has set a goal, I want to know how he or she achieves the goal and what it means for the person along the way and afterward," he says. "I want to know all the factors involved in the goal setting and the goal striving processes."

Bagozzi has, in fact, established a new model for decision making, whether it be a decision to make

In one study he defines the meaning of the self-concept for Japanese and American consumers.

a purchase, to use coupons at the grocery store, to lose weight or to donate blood. Regardless of the decision, he has found there are three factors involved in the process.

Intention is the first step in making a decision or setting a goal. Bagozzi says there are three types of intentions: present and future oriented intentions—those which are either executed immediately or at some later time—and goal-directed intentions. A goal-directed intention "addresses behaviors or outcomes toward which one strives," he says.

The second characteristic of decision making is the "appraisal of means." How does one pursue the goal? Bagozzi has found there are three factors involved in this phase of the process—personal confidence in oneself, the likelihood of success based on one's actual abilities and the emotional or psychological commitment of the individual setting the goal.

The third facet of the process is implementation. This critical phase hinges on action and emotion, for it is during this time that the challenges of time and motivation, among other things, thwart the process.

Bagozzi has explored how people decide to abandon goals that are not progressing as planned and why others become obsessed with a goal and continue striving long after the original goal was reached.

His findings are detailed in a paper titled, "The Role of Emotion and Volition in the Regulation of Economic Behavior." The paper was first presented in 1993 at the Stockholm School of Economics' International Marcus Wallenberg Symposium, "Will and Behavior," and is set to be included in a forthcoming book of the same name.

In other studies, Bagozzi has explored how people decide to abandon goals that are not progressing as planned and why others become obsessed with a goal and continue striving long after the original goal was reached. His paper, "Goal Setting and Goal Pursuit in the Regulation of Body Weight," has implications for how obsessive striving leads to bulimia and other disorders.

"I am always trying to test theories in the field, but my goal is basic research," Bagozzi says. "That's my role and niche, and even though this type of work is a small part of what goes on at the Business School, it is where all my energies are poured in terms of research."

Endowed Professorships Ensure Greatness

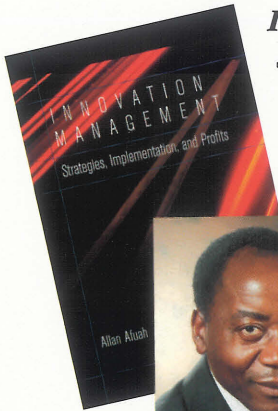
The number of endowed professorships at the Business School doubled—plus one—as a result of the \$100 million capital campaign.

Before 1990, the campaign's official start date, there were 19 endowed professorships. Today, there are 39. "These gifts represent a tremendous outpouring of support," says Dean B. Joseph White. "Endowed professorships ultimately define who we are as a business school because they are awarded to those who by their exemplary scholarship are shaping the intellectual life and character of this institution."

What follows is a list of the 20 new endowed professorships:

- Eugene Applebaum Professorship of Entrepreneurial Studies
- Victor L. Bernard Price Waterhouse LLP Collegiate Professorship of Accounting
- William Davidson Professorship of Business Administration
- Dale L. Dykema Professorship of Business Administration
- Alfred L. Edwards Collegiate Professorship
- First Chicago NBD Corporation Assistant/Associate Professorship of Business Administration
- Ford Directorship in Manufacturing
- Edward J. Frey Professorship of Banking and Finance
- Harvey C. Fruehauf Professorship of Business Administration
- Herrick Professorship in Manufacturing
- Waldo O. Hildebrand Professorship of Risk Management and Insurance
- Michael and Susan Jandernoa Professorship of Business Administration
- William Russell Kelly Professorship of Business Administration
- Max McGraw Professorship of Corporate Environmental Management
- John C. and Sally S. Morley Professorship of Finance
- NTT Visiting Professorship of Asian Finance and Capital Markets
- John Psarouthakis Research Professorship in Manufacturing Management
- Stanford R. Robertson Assistant Professorship of Business Administration
- Jerome B. and Eilene M. York Professorship of Business Administration

New Books in Print in 1997



Innovation Management: Strategies, Implementation and Profits

(Oxford University Press)

By Allan Afuah

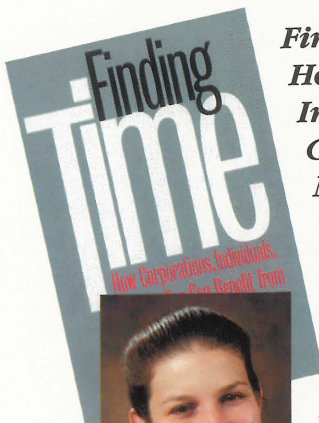


Innovation, explains Allan Afuah, assistant professor of corporate strategy at the University of Michigan Business School, is using new knowledge to offer new products or new services that customers want.

Afuah's interest in innovation management dates back to his work as an engineer in Silicon Valley. Later, while earning his doctorate at MIT, he realized no single source integrated all the disparate research that had been done on the topic of innovation. He decided to undertake this challenge and has spent the last two years researching and writing his textbook.

Originally designed as a text for second-year MBA students, Afuah's book has found a wider audience: second-year BBA students and engineering management students as well as consultants, senior managers in industry, scientists and engineers.

For many firms, competitive advantage is gained and maintained through innovation, Afuah says. He emphasizes the link between new ideas and continued profits, and also points out that innovation is not limited to high technology. "Glaxo's blockbuster drug, Zantac, was an innovation," he says, "but so was Federal Express's offering of overnight package delivery."



Finding Time—How Corporations, Individuals and Families Can Benefit from New Work Practices

(Cornell University Press)

By Leslie A. Perlow



Are long hours spent at work really necessary to increase organizational productivity? Leslie Perlow, assistant professor of organizational behavior and human resource management and

a member of the Society of Scholars at the University of Michigan Business School, challenges the assumption that the more employees work, the better the corporation will do.

For nine months, Perlow studied the work practices of a group of 17 software engineers at a high-tech Fortune 500 company. She found employees work in a culture that perpetuates crises, rewards individual heroics and promotes continuous interruptions of individuals who are trying to complete their own jobs. This culture and the resulting work practices damage both the organization's productivity and the quality of employees' lives outside work.

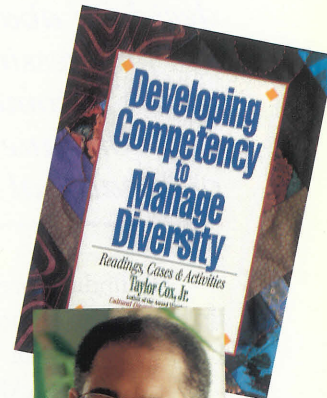
What does Perlow recommend? Rethink the assumptions underlying these work practices, namely the use of time and the behaviors rewarded at work.

Perlow initiated a collaborative project with the engineers she studied in order to do just that. She concludes that altering current work practices will result in people working shorter hours and accomplishing more—not less—at work.

Developing Competency to Manage Diversity—Readings, Cases and Activities

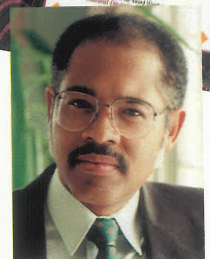
(Berrett-Koehler Publishers Inc.)

By Taylor H. Cox, Jr.
and Ruby L. Beale

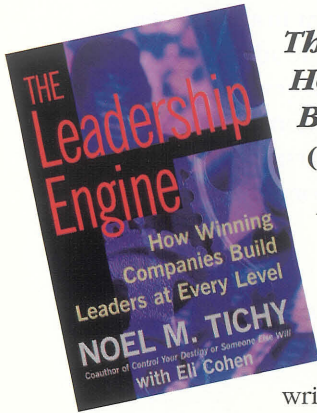


Taylor Cox's previous book, *Cultural Diversity in Organizations*, was winner of the National Academy of Management's best book award for 1994. In this new book, Cox, associate professor of organizational behavior and human resource management, and co-author Ruby Beale, adjunct assistant professor of organizational behavior and human resource management, provide valuable and practical hands-on tools to help managers develop the skills they need to manage a diverse workforce.

This book includes readings from a wide range of journals, books and reports on issues from leadership



to race to cognitive style. The authors also provide activities and exercises that can be used to challenge managers to examine their own attitudes and assumptions, learn about differences and similarities between themselves and others, and see possibilities for change on an individual and organizational level.



***The Leadership Engine:
How Winning Companies
Build Leaders at All Levels***
(HarperCollins)

By Noel M. Tichy and Eli Cohen

For years, Noel Tichy, professor of organizational behavior and human resource management, has focused his research and

writing on America's modern business

leaders and the organizations shaped by their actions. This new book, written in collaboration with Eli Cohen, international consultant and research director for the Business School's Leader Driven Organization project, examines a wide range of corporations where leadership was the critical factor in the organization's success.

Tichy and Cohen pondered the question: How do companies get more leaders at more levels? The answer, they concluded, wasn't necessarily having leaders with a track record of success. That wasn't enough. Instead, they found these leaders also had to have a teachable point of view.

This "teachable point of view" develops out of a person's life experiences, both in and outside of work. Leaders with a teachable point of view found creative ways to turn every personal interaction into a learning and teaching event. "The competitive advantage is the regenerative process of leaders developing other leaders," says Tichy.

Tichy and Cohen examine ideas, values and emotional energy as the building blocks of the "leadership engine."

Noel Tichy (left), co-author of The Leadership Engine and an editor of Corporate Global Citizenship, both shown above, poses with Eleanor M. Josaitis (second from left), executive director of Focus:HOPE, the Detroit-based civil and human rights organization, and fellow Corporate Global Citizenship editors Lynda St. Clair and Andrew R. McGill. The editors feature Focus:HOPE as a global model for corporate citizenship.

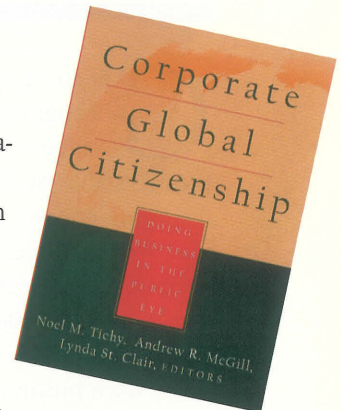
***Corporate Global Citizenship—
Doing Business in the Public Eye***
(The New Lexington Press)

*Editors Noel M. Tichy,
Andrew R. McGill, Lynda St. Clair*

Independent, multinational corporations have a unique ability to mobilize massive capital and human resources across geopolitical boundaries. Many people also believe these corporations can and must play an active role in the betterment of the human condition. And, in fact, this book shows that many global companies are both good corporate citizens and leading financial performers.

Editors are Noel Tichy, director of the Business School's Global Leadership Program (see his credentials, left); Andrew McGill, director of Michigan's Global Business Partnership and associate professor of organizational behavior and human resource management and associate research scientist; and **Lynda St. Clair, PhD '94**, and an associate professor of management at Bryant College in Rhode Island. They have compiled rigorously researched examples of multinational corporations whose active involvement in social and environmental issues is making a positive impact on a global scale.

This book contains detailed accounts of the programs launched by American Express to bolster the economy of Eastern Europe; of Merck's efforts to halt an epidemic of river blindness in Africa; and what Procter & Gamble is doing to preserve the planet.



Michael Schimpf

Campaign Gifts Fund Important New Institutes, Centers, Programs and Offices

Gifts to the \$100 million capital campaign brought nine new research and instructional entities to life at the University of Michigan Business School. What follows is a directory of the institutes, centers, programs and offices that advance the mission of the Business School worldwide through cutting edge research, teaching and public service.

Additional information may be obtained via the Business School's World Wide Web site, <http://www.bus.umich.edu>.

The William Davidson Institute

The William Davidson Institute is a nonprofit, independent, educational institute dedicated to developing and disseminating expertise on issues affecting firms in transitional economies. The institute is headquartered at the University of Michigan Business School.

Jan Svejnar, executive director

Hans Brechbuhl, managing director

William Davidson Institute
University of Michigan Business School

701 Tappan Street, 9th Floor

Ann Arbor, MI 48109-1234

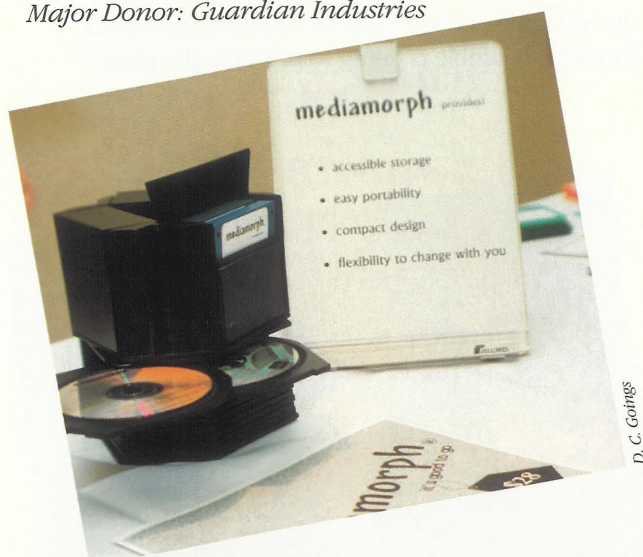
Tel: (313) 763-5020

Fax: (313) 763-5850

E-mail: wdi@umich.edu

<http://www.wdi.bus.umich.edu>

Major Donor: Guardian Industries



In 1977, Tauber Manufacturing Institute's new product development class designed, manufactured and marketed computer disk containers for sale at its annual mock trade fair. Pictured here is "Mediamorph," an injection-molded container that sold for \$28.

The Frederick A. and Barbara M. Erb Environmental Management Institute

The Erb Environmental Management Institute leverages resources university-wide for the advancement of responsible environmental management practices among business, governments and nonprofit organizations worldwide. The cornerstone of the Erb Institute is the Corporate Environmental Management Program.

Garry D. Brewer, director

Erb Environmental Management Institute

University of Michigan Business School

Dana Building

430 E. University

Ann Arbor, MI 48109-1234

Tel: (313) 763-8155

Fax: (313) 763-8965

E-mail: gbrewer@umich.edu

Major donor: Frederick A. and Barbara M. Erb

Joel D. Tauber Manufacturing Institute

The Tauber Manufacturing Institute unites the capabilities and resources of the University of Michigan—in direct partnership with industry—to create and support relevant business and engineering education and research activities in the field of manufacturing.

James Bean, co-director/engineering

Craig Marks, co-director/business

Brian Talbot, co-director/manufacturing

James S. Reece, acting co-director/accounting

Marika Jones, managing director

Tauber Manufacturing Institute

University of Michigan Business School

914 Hill Street

Ann Arbor, MI 48109-1234

Tel: (313) 998-8160

Fax: (313) 998-8164

<http://www.tmi.umich.edu>

Major Donor: Joel D. Tauber

BT Global Learning Center

The BT Global Learning Center assists companies in developing and promoting interactive, technology-based instructional programs.

Graham Mercer, director
BT Global Learning Center
University of Michigan Business School
701 Tappan Street, 3282 C
Ann Arbor, MI 48109-1234
Tel: (313) 763-7267
E-mail: gmercer@umich.edu
Major donor: BT (formerly British Telecom)

Mitsui Life Financial Research Center

Mitsui Life Financial Research Center encourages and supports academic research in the financial markets of Pacific-Basin countries, with a particular focus on Asia and the United States.

E. Han Kim, director
Takaaki Wakasugi, co-director, University of Tokyo
Mitsui Life Financial Research Center
University of Michigan Business School
701 Tappan Street, Room 2247
Ann Arbor, MI 48109-1234
Tel: (313) 764-5222
Fax: (313) 763-3111
Major Donor: Mitsui Mutual Life Insurance Company

Corporate Environmental Management Program

The Corporate Environmental Management Program is a three-year joint-degree graduate program created and administered by both the Business School and the University of Michigan's School of Natural Resources and Environment.

Kellie A. McElhaney, managing director
Gloria Helfand, faculty liaison
Corporate Environmental Management Program
University of Michigan Business School
1028 Dana Building
430 E. University
Ann Arbor, MI 48109-1234
Tel: (313) 763-4570
Fax: (313) 763-8965
E-mail: kmack@umich.edu

Major Donors: Consumers Power Company, Dow Chemical Company, E. I. DuPont DeNemours and Company, Stephen Frank, Gemini Corp., Max McGraw Foundation, Stuart and Jo Ann Nathan, Pharmacia and Upjohn Foundation

Nippon Telephone and Telegraph Program in Asian Finance and Economics

To mark the tenth anniversary of the privatization of Nippon Telephone and Telegraph, the Japanese tele-

phone conglomerate established at the Business School the NTT Program in Asian Finance and Economics which annually sponsors either a research fellowship for a member of the Business School faculty or a visiting professorship for an Asian scholar.

E. Han Kim, director
Takaaki Wakasugi, co-director, University of Tokyo
NTT Program in Asian Finance and Economics
University of Michigan Business School
701 Tappan, Room 2247
Ann Arbor, MI 48109-1234
Tel: (313) 764-5222
Fax: (313) 763-3111
E-mail: hankim@umich.edu
Major Donor: Nippon Telephone and Telegraph

Office for the Study of Private Equity Finance

The office is dedicated to the discovery, dissemination and application of knowledge concerning the processes involved in fostering innovation and entrepreneurial activity in emerging and established companies and industries on a global basis.

David J. Brophy, director
Office for the Study of Private Equity Finance
University of Michigan Business School
701 Tappan Street, Room 3281A
Ann Arbor, MI 48109-1234
Tel: (313) 764-7587
Fax: (313) 764-3146
E-mail: djbrophy@umich.edu
Major Donor: Donald H. Parsons Family

The Office of Tax Policy Research

The Office of Tax Policy Research promotes and disseminates research in taxation and related issues by encouraging and facilitating research on the tax system by economists, accountants and scholars of other disciplines. It operates the Ernst and Young/University of Michigan Tax Research Database.

Joel B. Slemrod, director
James R. Hines Jr., research director
Office of Tax Policy Research
University of Michigan Business School
701 Tappan Street, Room A2120
Ann Arbor, MI 48109-1234
Tel: (313) 763-3068
Fax: (313) 763-4032
E-mail: ceccanes@umich.edu
Major Donors: Individuals and corporations

ALUMNI

The Alumni Network: A Michigan Tradition

When **Russell Anmuth, BBA '93**, a two-time winner of the CNBC/USA Today National Collegiate Investment Challenge and founder of Gotham Holdings LP in New York City, wants to discuss technology companies, he calls prominent west coast venture capitalist **Dixon Doll**, a Michigan graduate and longtime friend, supporter and investment advisor to the Business School. "He's an investor; I'm an investor," says Anmuth, who also serves on the Business School Alumni Society Board of Governors. "We talk all the time about different companies. He gives me guidance."

Likewise when **Kim Foulkes, MBA '97**, decided to follow her husband-to-be to Denver, she contacted around 20 Michigan alumni who lived in Colorado. "Everyone was extremely helpful and eager to pass my résumé around in their company or refer me to other contacts," she reports. "One person even went above and beyond the call of duty; he called me long-distance from Spain, where he was working, to give me names and phone numbers in Denver."

The Business School alumni network is commanding in numbers and far-reaching geographically.

Foulkes eventually found "an unbelievable job opportunity" at Sunrise Medical, where, coincidentally, she reports to two Michigan graduates. Her immediate boss is division president **Ben Anderson-Ray, MBA '84**. He in turn reports to Group President **Tom O'Donnell, MBA '67**.

The Business School alumni network is commanding in numbers and far-reaching geographically. At current count, there are some 29,000 alumni worldwide, pursuing careers in industry, business, nonprofit organizations and service companies in numerous countries on almost every continent.

"Our alumni are one of our most important resources," says Ann LaCivita, director of Alumni Relations. "We view our students as alumni in resi-

dence. The tradition of an active, involved alumni begins here at the Business School."

The Global Blue Alumni Network is a student-run organization that works to stimulate and enhance relationships between current students and Business School alumni to create a strong worldwide network. Global Blue sponsors annual graduation events like Reorientation Rally and the Graduation Picnic as well as the long-standing Day in the Life Program. Here, first-year MBA students spend a day on the job with interested Michigan alums.

"We want all the graduates to get the benefit of network contacts," says **Brad Schorer**, a second-year MBA student and president of the MBA Global Blue. "We want them to realize that no matter where they go, they can find Business School alumni."

All this is equally important to BBA students. "We are trying to link what the alums are doing with the educational and networking needs of the BBAs," says **Jared Stadlin**, a second-year BBA student and the president of Global Blue for undergraduates. "Part of our goal is to let the BBAs know about this tremendous resource and teach them how to network with alumni."

The Internet provides additional means for communication between the alumni and the Business School community. M-Track, the password-protected portion of the Business School web site, can be a particularly valuable resource. It contains the alumni database, job postings and year-round Business School news. In addition, M-Track offers all alumni a lifetime e-mail address.

"M-Track is a wonderful tool," LaCivita says. "In fact, the whole Business School web site has been redesigned to be more interactive and provide more information for our alumni."

Making information about alumni services and opportunities more readily available is a priority for the Office of Alumni Relations. "Every issue of *Dividend* magazine contains a summary of our services as well as a list of alumni activities," LaCivita points out. "This will build awareness and help us accomplish our mission to continuously improve Michigan's formidable alumni network."

Michigan Grads: Leaders in All Fields

As the marketplace gets more and more competitive, talk turns faster and faster to personal networks. Michigan's own Wayne E. Baker, associate professor of organizational behavior and human resource management, writes in his book, *Networking Smart*: "People who network smart see relationships as the essential way to get their jobs done."

Few networks are as powerful, as wide-ranging or as tight as the worldwide network of University of Michigan Business School graduates. They are everywhere—at the top and on the rise.

What follows is a partial list of some of the Business School's high-ranking leaders in the field—the central node of Michigan's international alumni network.

- **Terence E. Adderley** BBA '55/MBA '56
President and Chief Executive Officer,
Kelly Services Inc.
- **David D. Alger** MBA '68
President and Chief Executive Officer,
Fred Alger Management Inc.
- **Jerry D. Campbell** MBA '66
Chairman, President and Chief Executive Officer,
Republic Bancorp Inc.
- **Cleveland A. Christophe** MBA '67
Principal, TSG Capital Group LLC
- **William Davidson** BBA '47
President, Guardian Industries Corp.
- **Roberto de Ocampo** MBA '70
Finance Minister, The Philippines
- **John M. Devine** MBA '72
Executive Vice President and Chief Financial
Officer, Ford Motor Company
- **Frederick A. Erb** BBA '47
Chairman and Chief Executive Officer,
Edgemere Enterprises Inc.
- **George L. Farr** BBA '63/MBA '64
Vice Chairman, American Express Company
- **Stephen E. Frank** MBA '72
President and Chief Operating Officer,
Southern California Edison Company
- **Harvey C. Fruehauf, Jr.** BBA '52
President, HCF Enterprises Inc.
- **Paul B. Gordon** BBA '47
Chairman, Gordon Food Service
- **Mary Kay Haben** MBA '79
Executive Vice President, Kraft Foods
- **J. Ira Harris** BBA '59
Senior Managing Director,
Lazard Freres and Company LLC
- **Barnett C. Helzberg, Jr.** BBA '56
President, Helzberg Foundation
- **David B. Hermelin** BBA '58
Co-Owner, Palace of Auburn Hills
- **Verne G. Istock** MBA '63
Chairman, President and Chief Executive Officer,
First Chicago NBD Corp.
- **Michael J. Jandernoa** BBA '72
Chairman and Chief Executive Officer,
L. Perrigo Company
- **John W. Madigan** BBA '58/MBA '59
Chairman, President and Chief Executive Officer,
Tribune Company
- **Douglas Meijer** BBA '76
Vice-Chairman, Meijer Inc.
- **Southwood J. Morcott** MBA '65
Chairman and Chief Executive Officer,
Dana Corp.
- **Sanford R. Robertson** BBA '53/MBA '54
Chairman, Robertson, Stephens and Company
- **Lucy J. Reuben** MBA '74/PhD '81
Dean, School of Business,
South Carolina State University
- **Stephen W. Sanger** MBA '70
Chairman and Chief Executive Officer,
General Mills Inc.
- **Martha Seger** BBA '54/MBA '55/PhD '71
Former Federal Reserve Board Governor
Visiting Professor of Economics, Hillsdale College
- **Robert K. Shaye** BBA '60
President and Chief Executive Officer,
New Line Cinema Corp.
- **Joel D. Tauber** BBA '56/MBA '63
Chairman, Tauber Enterprises
- **Amnuay Viravan** PhD '59
Former Deputy Prime Minister/
Former Finance Minister, Thailand
- **Paul E. Weaver** MBA '72
Vice Chairman, Price Waterhouse
- **Sam Wyly** MBA '57
Chairman of the Board, Sterling Software Inc.
- **Jerome B. York** MBA '66
Vice Chairman, Tracinda Corp.

Commencement: A Time for Celebration

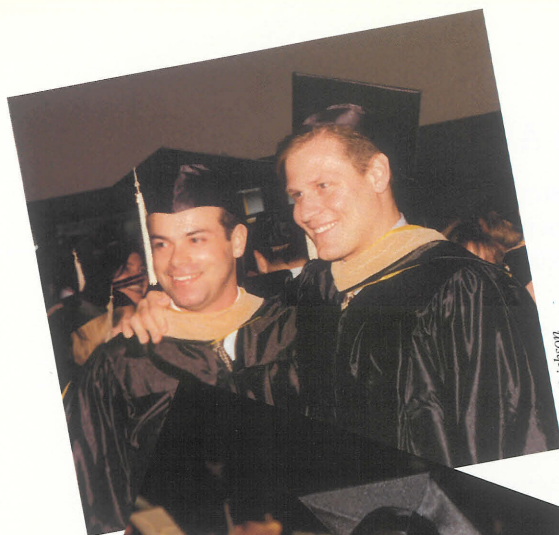
On May 2, amid much pomp and circumstance, 264 bachelor's degrees, 520 master's degrees and five doctoral degrees were conferred on University of Michigan Business School students. The excitement, anticipation, relief and pride were palpable throughout Crisler Arena as students accepted their diplomas from Dean B. Joseph White while cameras flashed and family, friends and faculty looked on.

Bjorn Haines, president of the Business School student government, welcomed those in attendance as did **Ena Shaw**, vice president for MBA affairs, **Bradlee Benn**, vice president for BBA affairs, and **Matthew Brookshier**, president of Global Blue, the student/alumni network organization.

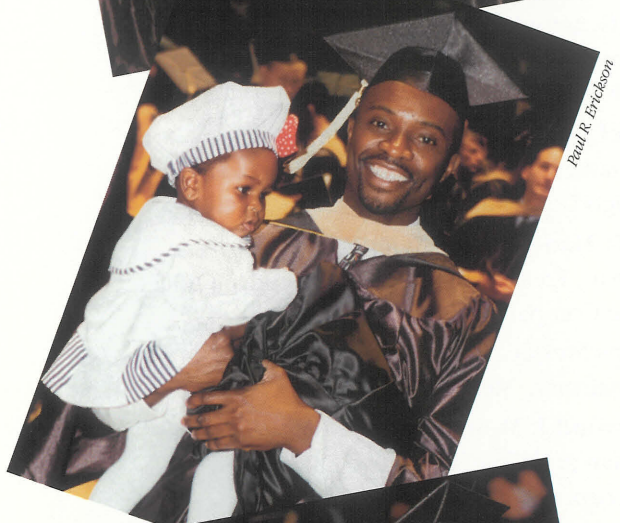
Sam Wyly, MBA '57, was awarded the Alumni Achievement Award. Earlier this year, Wyly gave \$10 million to the Business School to launch construction of Sam Wyly Hall, a 75,000-square-foot facility that will house the William Davidson Institute and the administrative offices of Executive Education as well as state-of-the-art classrooms and offices. The award, which is given by the University of Michigan Business School and its Alumni Society Board of Governors, is the highest honor bestowed upon alumni. "More than four decades ago, Mr. Wyly was the first recipient of the Business School's prestigious William A. Paton Scholarship," White told all those in attendance. "The qualities that earned for him this academic award—intelligence, determination, curiosity and leadership—are the same qualities we recognize here today."

In his remarks, White described Wyly as "the consummate entrepreneur" and "a dedicated citizen and philanthropist," adding: "Sam Wyly, your alma mater salutes you for your outstanding professional achievements, thanks you for your generosity and honors you for the many ways in which you have contributed to the improvement of society."

David D. Alger



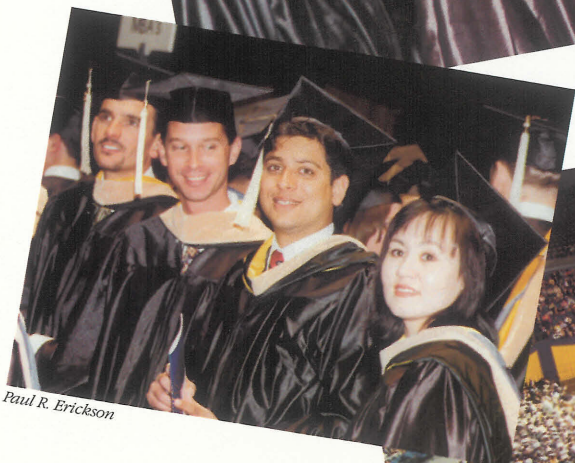
Paul R. Erickson



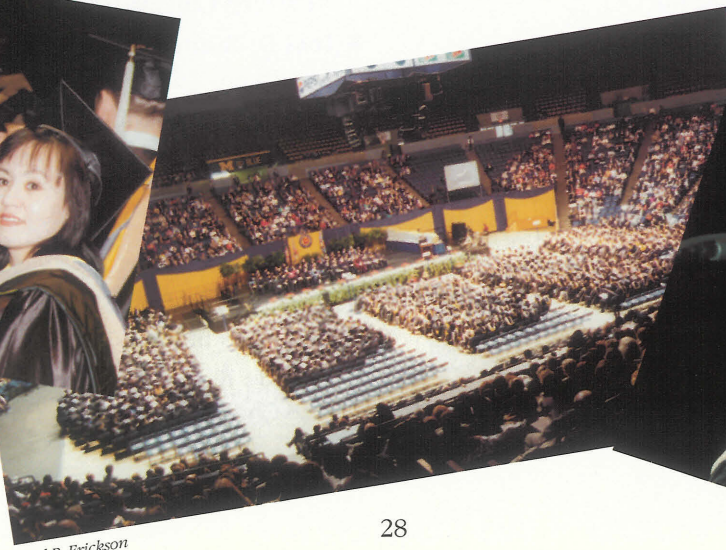
Paul R. Erickson



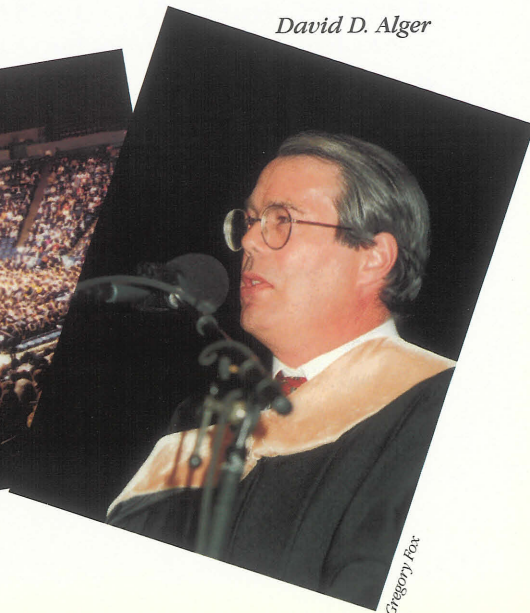
Paul R. Erickson



Paul R. Erickson



Paul R. Erickson

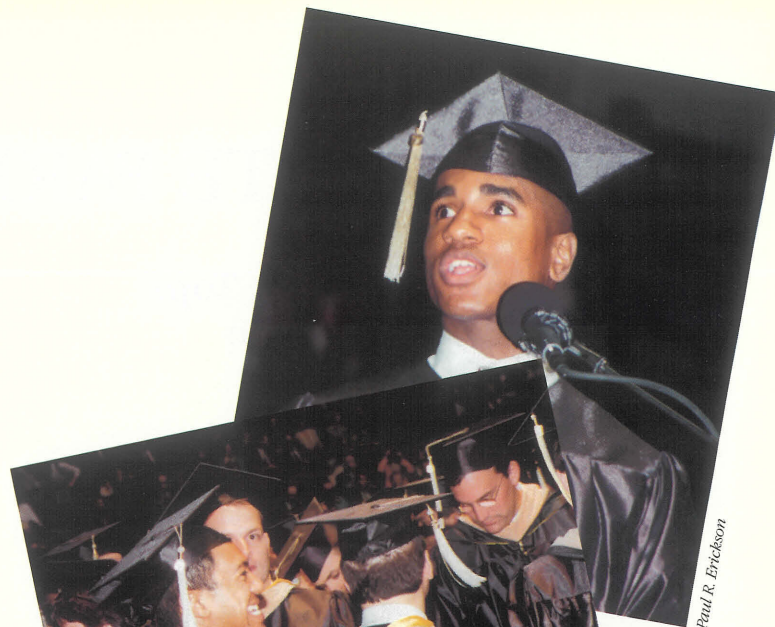


Gregory Fox

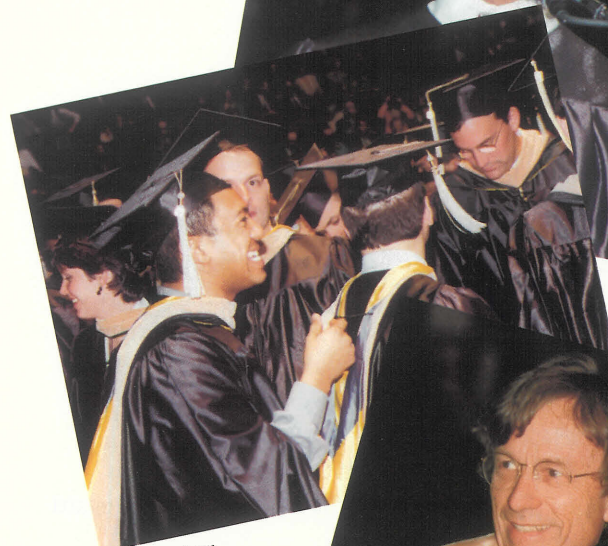
Next, the Class of 1997 leadership awards were presented (see box), and **David Alger, MBA '68**, was invited to the podium to give what can only be described as a rousing commencement address. "The tools which you have received during these last few years are far more advanced than the ones that were taught to me, and the future you have in front of you is extraordinarily bright," said the president, chief executive officer and chief investment officer of Fred Alger Management Inc., the New York City-based investment firm. "You are emerging from this intense educational cocoon into a world more full of economic promise than at any time in this century."

Alger compared and contrasted the state of the nation, the availability of technology and the relationships between free-market economies when he graduated in 1968 with today to illustrate for his listeners the vast array of opportunities awaiting them. "To summarize," he continued, "we are the only remaining superpower. Our economy is strong. We are at full employment and the demographics of the next 20 years almost ensures we will remain there... The cost of capital is not as low in real terms as it was in the 1960s but is nevertheless sufficiently low to sustain a golden age of entrepreneurship. Opportunities abound for women and minorities at a greater rate than at any time in the past.

"As I stand here looking out at you, I wish that life was a Monopoly board and that I could go around Go, collect my \$200 and begin again where you are now... The opportunities for all of you new BBAs, MBAs and PhDs, regardless of race or gender, are brighter than for almost any graduating class in recent memory. You are all superbly trained to take full advantage of these opportunities."

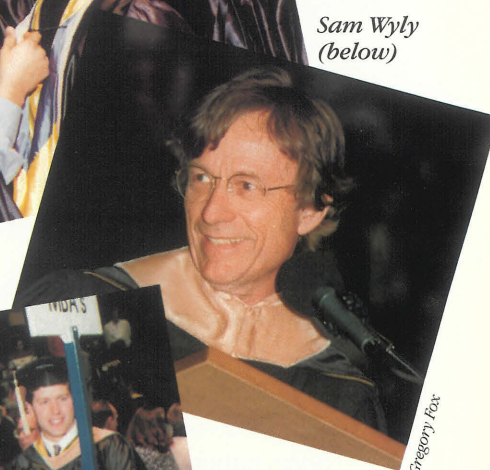


Paul R. Erickson

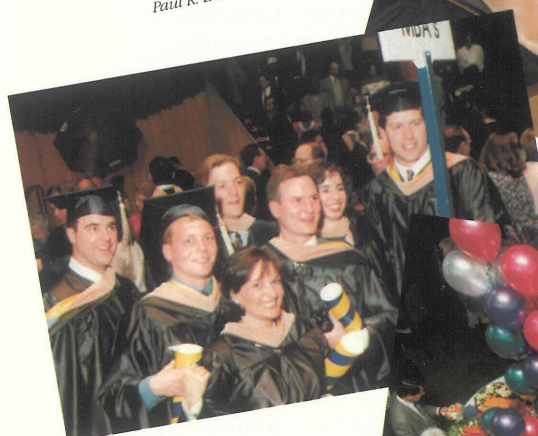


Paul R. Erickson

Sam Wyly
(below)



Gregory Fox



Gregory Fox



Gregory Fox

Class of 1997 Student Recognition Awards

MBA Leadership Award

Gregory Gerald Gamble for his contribution to the development of the Loan Repayment Assistance Program.

BBA Leadership Award

Andrew James Taylor for representing the University of Michigan Business School's BBA Program at various events on and off campus.

Community Service Award

Amiel Handelsman for his contributions to the Business School and the community at large through Students for Responsible Business.

Innovation in Education Award

John Gray and Edward William Guzzo for proposing the idea of an integrated course for both MBAs and BBAs to develop practical management and project experience.

CORPORATE PARTNERS

Michigan MBAs Are Tops at Deloitte & Touche

In the last two years, Deloitte & Touche has recruited more Michigan MBAs than any other consulting firm. The reason is simple, says **John Fox, MBA '67**, central regional managing director for Deloitte & Touche Consulting Group in Chicago.

"We find that Michigan MBAs are particularly suited for the work we do." In fact, the majority of Deloitte & Touche partners who have graduated from a business school are graduates of Michigan.

"I joined the firm in 1968," says Fox. "It was obvious then, as it is now, that we have a high regard for Michigan."

The Michigan MBA holds two major attractions for the consulting firm, he adds. "First, we like the diversity of the students, both in terms of academic experience and background. They have been involved with their companies in line positions, getting things done, rather than staff positions. And second, we find the training MBAs receive at Michigan produces very practical, hands-on, common sense-type business people. For us—a consulting firm that helps clients reach and implement major changes within their own companies—those are exactly the kind of people we need."

Michigan MBAs recruited by Deloitte & Touche are able to integrate themselves into the firm very quickly, Fox points out. "They understand what it takes to consult effectively with clients and work with client teams." This ability to work in teams is "absolutely essential," he says. "This is a firm where the word 'I' is seldom used."

At Deloitte & Touche, project teams almost always include client leadership as full-time team members. "Working in that close of a relationship with the client requires confident, capable, quick-thinking and practical people," Fox says. "It is not a place for high egos."

Fox serves as a member of the Business School's Corporate Advisory Board. "Joe's [Dean B. Joseph White's] original purpose for the board is terrific," he says. "It makes good sense to gather together a group of business people who are customers of the Business

Deloitte & Touche Consulting Group



John Fox

School, then encourage them to provide input on what it will take to keep Michigan a great school—one where they and others will continue to recruit."

Fox also says he derives a great deal of personal satisfaction from serving on the board. "At meetings, we talk about a broad range of topics, including curriculum, the MAP program, the admissions depart-

"We find the training MBAs receive at Michigan produces very practical, hands-on, common sense-type business people."

ment and placement. I find it's worth spending my time with this group because Joe makes us work. We don't just sit around the table and feel good about being there. When I leave, I feel like I've not only been challenged intellectually, but also that I was able to contribute ideas. I enjoy working with the group; they're terrific. And when you work with people of that high a caliber, the group effort produces some great ideas."

Intel Goes the Distance for Michigan Grads

On the surface, it doesn't make sense that Intel recruits as many MBAs from Michigan as it does, says **Gene Meieran**, an Intel Fellow based in Tucson, Arizona. First of all, there's the distance. "Michigan is so far away," he points out. And another reason, "Michigan doesn't have a big involvement in semi-conductor technology."

So why the University of Michigan Business School? "Because of the Tauber Manufacturing Institute," Meieran explains. "Michigan has a strong multidisciplinary program aimed at doing exactly what we want it to do: offer combined business and engineering education. This gives us a chance to recruit people with excellent business and engineering training."

That is not the only reason, Meieran adds. Michigan has a proven record of producing outstanding graduates. "We keep track of some of Michigan's grads to see how they do," he says. "There are a number of them who are what we call 'champions.' That's who we're looking for. Champions within companies are very important because they cause things to happen."

"We've always found the people who come out of Michigan—and we hire a lot of them—have the right kind of technical talents," Meieran says. "Also, the reputation of the faculty is extremely good. For these reasons and others, we have become involved with Michigan."



Gene Meieran

In addition to recruiting for Intel, Meieran is a member of the advisory board for the Tauber Manufacturing Institute, an arrangement that illustrates Michigan's two-way relationship with stakeholders. As such, he travels to Ann Arbor twice a year for board meetings. "We discuss the different degree programs, talk about the curriculum and learn about the different internship projects," he explains.

He says Intel values the qualities that have earned for Michigan its "progressive" reputation. "Michigan has a personality that matches Intel's. There's a good give-and-take between us; Michigan listens to our input. As a result, Intel interacts with Michigan at many different levels, and on all of them it is very satisfying."

Top Ten Employers of MBA Graduates in 1997*

A. T. Kearney
Deloitte & Touche
Ernst & Young
Ford Motor Company
General Motors Corp.
Intel Corp.
Kraft General Foods
McKinsey & Company
Price Waterhouse
United Technologies Corp.

Top Ten Employers of BBA Graduates in 1997*

American Express
Arthur Andersen
Coopers & Lybrand
Deloitte & Touche
Ernst & Young
First Chicago NBD
Ford Motor Company
Merrill Lynch
Price Waterhouse
ZS Associates

*Employers are listed in alphabetical order.

Corporate Associates Provide Essential Funding

Members of the Corporate Associates Program support the University of Michigan Business School financially. They do so because corporate gifts to the Business School have long proven to be wise investments for the donors. "At Whirlpool, we regard our long-standing relationship with the University of Michigan Business School as a model partnership," says **William D. Marohn**, vice chairman of Whirlpool Corp. "Everyone gains by it."

Whirlpool is a case in point. The international appliance manufacturer regularly sends its executives to the Business School for advanced training through the Executive Education Program. It calls on the William Davidson Institute when in need of customized training programs for operations located in emerging markets such as China. It derives real-time profit from the work of student teams sent on in-company learning assignments to Whirlpool opera-

Class of 1997: Where They Are Working and What They Are Earning

MBA

Job Acceptances by Industry*

Automotive	8.2%
Banking and Financial Services	16.8%
Consulting	31.8%
Consumer Goods	10.9%
High Tech	19.1%
Other Manufacturing	6.5%
Other Services	6.7%

* Percentages based on a class of 412 graduates.

Salary Statistics

Industry	Median Total Compensation†
<i>Service</i>	

Business Services	\$75,000
Commercial Banking	\$95,000
Computer Services	\$86,000
Consulting	\$108,000
Financial Services	\$79,000
Investment Banking	\$106,000
Telecommunications	\$89,000
Transportation	\$64,000
Venture Capital	\$74,000
Other	\$65,000

Manufacturing

Automotive	\$76,000
Chemicals	\$78,000
Computers/Electronics	\$81,000
Consumer Goods	\$77,000
Energy	\$86,000
Machinery/Equipment	\$96,000
Pharmaceutical/Healthcare	\$75,000
Other	\$79,000

BBA

Job Acceptances by Industry*

Accounting	27.5%
Automotive	1.5%
Banking and Financial Services	32.3%
Business Services	5.6%
Consulting	19.7%
High Tech	8.4%
Other	5.0%

* Percentages based on a class of 281 graduates.

Salary Statistics

Industry	Median Total Compensation†
<i>Service</i>	

Accounting	\$35,000
Business Services	\$34,000
Commercial Banking	\$34,000
Computer Services	\$35,000
Consulting	\$46,000
Financial Services	\$38,000
Investment Banking	\$60,000
Other	\$31,000

Manufacturing

Aerospace/Machinery/ Electronics	\$36,000
Automotive	\$38,000
Energy/Chemical/ Pharmaceutical	\$35,000

† Total compensation includes base salary, signing bonus and performance bonus.

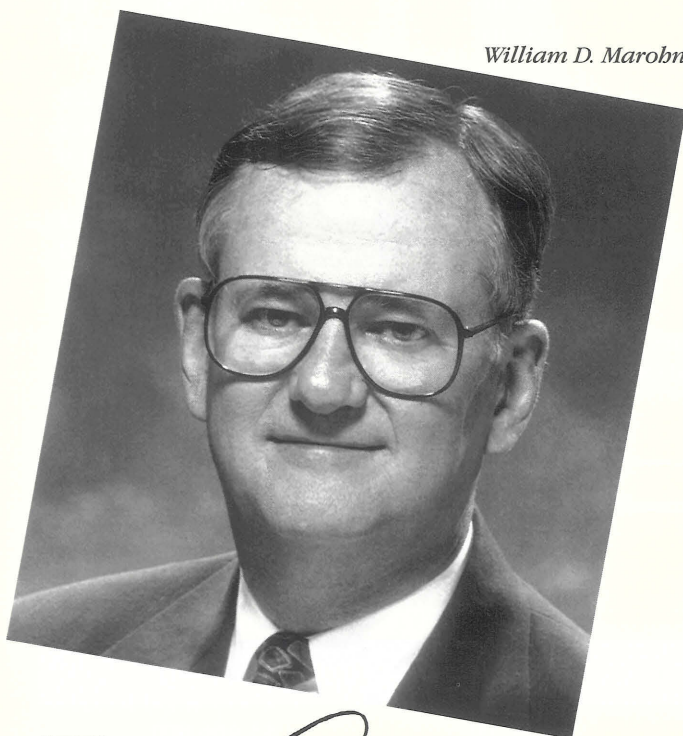
tions around the globe. And it benefits in manpower; those same outstanding students often become full-time employees.

"The University gains through Whirlpool's support of fellowships," Marohn adds. "Communities, including our corporate hometown of Benton Harbor, gain through the Business School's Leadership Development Program which, among other things, teaches students the importance of global citizenship by sending them into communities to provide much needed volunteer services."

Corporate partnerships with the University of Michigan Business School are winning relationships. In 1997, 101 companies contributed more than \$5,000 to the Corporate Associates Program. Forty-two of these companies—including Whirlpool—contributed in excess of \$50,000. It is this elite and committed group of 42 organizations that are Senior Partners of the Business School.

"The support provided by our Corporate Associates is the equivalent of a corporation's research and development budget," say B. Joseph White, dean of the Business School. "Every businessperson knows how essential R&D is to sustained, long-term success. Because of our close partnerships with our Corporate Associates, our success directly feeds their success and theirs, ours. That is how it should be."

William D. Marohn



A Salute to Michigan's Senior Partners

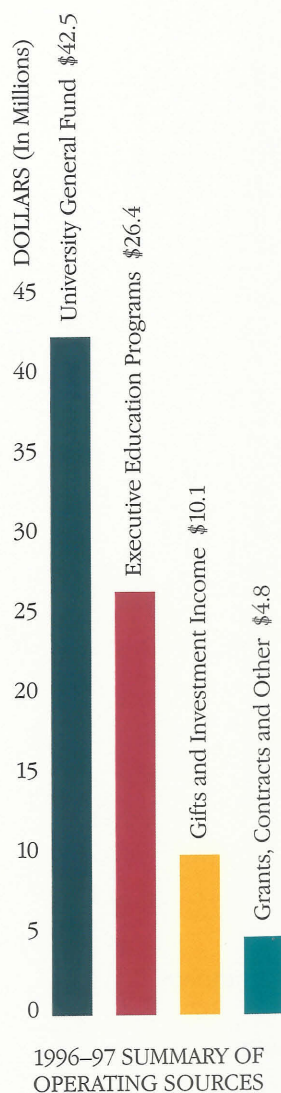
The following corporations and foundations contributed significantly—\$50,000 or more—to the Business School in 1997, making them Senior Partners of the Corporate Associates Program.

- AlliedSignal
- Ameritech
- Andersen Consulting
- Arthur Andersen & Company
- Bank of Montreal
- BT
- Caterpillar Inc.
- Chrysler Corp.
- Citibank
- Deloitte & Touche
- Dow Chemical USA
- Ernst & Young
- Exxon
- First Chicago NBD Corp.
- Ford Motor Company
- Foster Wheeler Corp.
- General Dynamics
- General Electric Company
- General Motors
- General Signal
- Guardian Industries
- Herrick Foundation
- Hewlett-Packard
- Intel Corp.
- KPMG Peat Marwick
- McGraw Foundation
- Merck & Company
- Mitsui Mutual Life Insurance Company
- Mobil Corp.
- Nippon Telephone & Telegraph
- Pharmacia & Upjohn Foundation
- Price Waterhouse
- Procter & Gamble
- Salomon Brothers
- Silicon Graphics Inc.
- Alfred P. Sloan Foundation
- Tauber Family Support Foundation
- TRW Inc.
- Vinacoal
- Whirlpool Corp.
- Whirlpool Foundation
- Xerox



University of Michigan Business School

SOURCES AND USES OF FUNDS



(a) The University of Michigan adopted a new resource allocation system in 1996-97 known as Value Centered Management (VCM). Activities for the year are presented on that basis.

(b) Tuition and fee revenues estimated for Business School students were \$34,200,000 in 1995-96. Tuition and fee revenues reported for 1996-97 are budgeted amounts under the VCM enrollment formula.

School Operating Funds

SOURCES	1995-96	%	1996-97	%
University General Fund			See footnote (a)	
Provost's Direct Allocation	\$29,784,500	39.5	\$6,144,300	7.3
Tuition and Fees	See footnote (b)		\$35,575,700	42.5
Global MBA Tuition and Fees	1,550,600	2.1	included above	
Indirect Cost Recovery	384,700	0.5	338,600	0.4
Other University Support	1,839,300	2.4	465,800	0.6
Executive Education Programs	25,227,000	33.5	26,351,100	31.4
Grants and Contracts	5,624,500	7.5	3,471,900	4.1
Gifts and Bequests (Expendable)	5,626,600	7.5	5,399,500	6.5
Endowment Income to Operating Funds	2,467,600	3.3	3,316,000	4.0
Investment Income (Expendable)	1,602,700	2.1	1,376,300	1.6
Departmental Activities	1,217,200	1.6	1,361,900	1.6
TOTAL SOURCES	\$75,324,700	100.0	\$83,801,100	100.0
USES	1995-96	%	1996-97	%
Instructional Programs				
Faculty and Staff Compensation	\$20,941,100	27.8	\$20,647,400	24.6
Executive Education Programs	18,415,400	24.4	19,482,300	23.2
Non-salary Support Costs	1,079,000	1.4	2,456,900	2.9
Research Activities	5,292,400	7.0	5,815,900	6.9
Public Service Activities	1,675,300	2.2	1,440,300	1.7
Academic Support				
Library	1,800,400	2.4	2,020,800	2.4
Computing Services	1,320,100	1.8	1,379,800	1.6
Faculty Support	914,400	1.2	920,700	1.1
Administration	1,537,400	2.0	1,494,600	1.8
Graduate Student Aid				
Ph.D. (including tuition grants)	2,042,100	2.7	2,080,600	2.5
Day MBA	3,892,500	5.2	3,683,100	4.4
Global MBA	1,807,500	2.4	1,607,300	1.9
Admissions/Student Services and				
Career Development	2,116,300	2.8	2,593,600	3.1
Development, Alumni and Communications	1,609,300	2.1	1,809,400	2.2
Other Departmental Operations	1,431,500	1.9	1,553,700	1.9
Facilities Operations	1,189,100	1.7	1,025,900	1.3
University Attributed: Building and Utilities	1,834,300	2.5	2,100,700	2.5
University Attributed: Administration and Other	0		9,021,900	10.8
Subtotal — Operations	68,898,100	91.5	81,134,900	96.8
Increase in Operating Fund Balances	6,426,600	8.5	2,666,200	3.2
TOTAL USES	\$75,324,700	100.0	\$83,801,100	100.0

Transfers to Non-Operating Funds		
To Endowment and FFAE Funds	903,100	3,640,600
To Building and Equipment Funds	1,165,400	2,305,200

William Davidson Institute Operating Funds

Revenues	\$2,838,700	\$3,466,800
Expenditures	2,356,300	3,109,600
Increase in Fund Balance from Operations	\$482,400	\$357,200
Ending Fund Balance	\$4,278,100	\$4,876,800

Endowment and Funds Functioning As Endowment

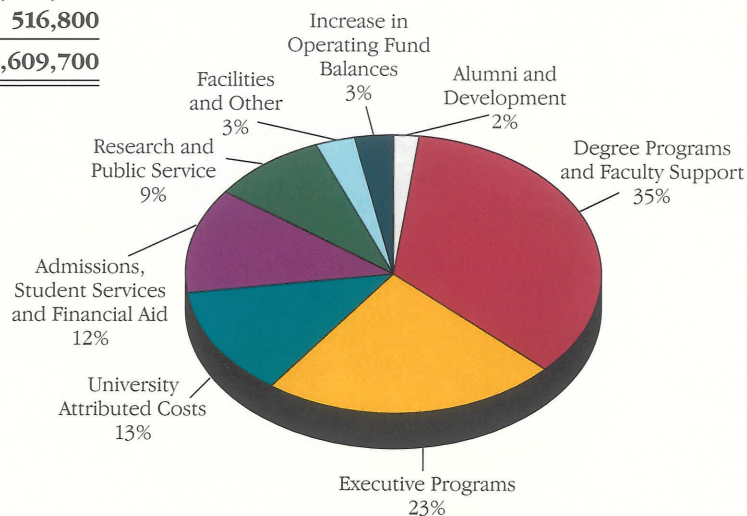
	Endowment	School Funds Functioning As Endowment	WDI Funds Functioning As Endowment	Totals
BEGINNING BALANCES, JULY 1, 1996	\$24,295,669	\$33,289,983	\$1,500,000	\$59,085,652
ADDITIONS				
Gifts and Bequests	3,117,979	3,007,133	0	6,125,112
Investment Income	1,639,783	2,217,108	79,462	3,936,353
Transfers from other funds	439,127	3,147,720	553,760	4,140,607
Subtotal	5,196,889	8,371,961	633,222	14,202,072
DEDUCTIONS				
Transfers to operating and building funds	1,732,587	2,112,386	17,795	3,862,768
ENDING BALANCES, JUNE 30, 1997	\$27,759,971	\$39,549,558	\$2,115,427	\$69,424,956

NOTE: Estimated market value of Endowment Funds at June 30, 1997 \$43,312,147
 Estimated market value of Funds Functioning As Endowment at June 30, 1997 59,230,397
 Estimated market value of WDI Funds Functioning As Endowment at June 30, 1997 2,429,616
 Total estimated market value of endowment funds at June 30, 1997 \$104,972,160

Building and Equipment Funds

SOURCES	1995-96	1996-97
Investment Income	21,600	39,500
Transfers from School Operating Funds	1,165,400	2,305,200
Transfers from University Funds	1,050,000	1,040,000
Transfer from School New Building Fund	400,000	225,000
TOTALS	\$2,637,000	\$3,609,700
USES	1995-96	1996-97
Planning Facilities Improvement Projects	\$515,700	\$108,100
Construction and Minor Renovations	477,900	1,337,300
Computing and Office Equipment and Furnishings	1,154,400	1,647,500
Increase in Fund Balances for Future Projects	489,000	516,800
TOTALS	\$2,637,000	\$3,609,700

1996-97 SUMMARY OF
OPERATING USES





Alumni Society Board of Governors

The Alumni Society Board of Governors serves as the University of Michigan Business School's "Voice of the Alumni." The board works to strengthen relationships among students, faculty, alumni and friends of the Business School.

Mary Ann Caballero Alumni Society Board of Governors Chair <i>Executive Director— Endocrine Business Unit</i> Eli Lilly and Company	MBA '84
Ralph Johnson Alumni Society Board of Governors Vice Chair <i>Senior Engagement Manager</i> McKinsey & Company	MBA '92
Matthew J. Ancil <i>Vice President—Strategic Planning and Development</i> TeleService Resources	MBA '85
Russell Anmuth Gotham Holdings LP	BBA '93
Gregory M. Boll <i>President</i> Cummins of Michigan Inc.	MBA '80
Philip Briggs <i>Brussels Area Audit Manager</i> Exxon Chemical Europe Inc.	MBA '66
James R. Browne <i>Director of Tax Legal</i> Tenneco Inc.	BBA '78
David S. Bryan <i>Vice President</i> Owens Corning	MBA '85
Stephen R. D'Arcy <i>Partner</i> Coopers & Lybrand	BBA '76
Robert Dobbins <i>Managing Partner</i> Dobbins Partners LP	MBA '81
Russell L. Epker <i>Managing Director</i> Berkshire Partners LLC	BBA '64
Deborah Gage <i>President</i> Solution Point/NCG Research	MBA '86
Bruce E. Kropschot <i>President</i> Kropschot Financial Services	BBA '62/MBA '63
Jeffrey K. Lackey	MBA '85
Cheryl H. Lippert <i>Partner</i> KPMG Peat Marwick LLP	BBA '75
Robert Malitz <i>Manager—Federal Taxes</i> General Electric	BBA '81
James W. Pierpont <i>Group Vice President</i> ABN AMRO—North America	MBA '67

Sarah Raiss <i>President</i> S. E. Raiss Group Inc.	MBA '87
Lucy J. Reuben <i>Dean</i> School of Business South Carolina State University	MBA '74/PhD '81
Jo Rumsey <i>Assistant Executive Director</i> University of Michigan Alumni Association	
Brad Schorer <i>President</i> Global Blue Alumni Network	MBA '98
Brian Tauber <i>Vice President—Manufacturing</i> Tauber Enterprises	MBA '92
Ellen M. White <i>Division Sales Leader</i> The Progressive Corp.	MBA '86
Joseph D. Williamson II <i>President</i> WKBN Broadcasting	BBA '67/MBA '68
Michael Wilson <i>President</i> Fortune Practice Management	BBA '84
Cindy Ziemer Burke	MBA '84

Corporate Advisory Board

The Corporate Advisory Board works to ensure that the Business School is meeting the needs of its primary customers, the corporations and firms that hire its students, send employees to executive education courses and utilize its faculty research.

Gerald Adolph
Corporate Advisory Board Chair
Vice President
Booz-Allen & Hamilton Inc.

Janet L. Anderson
Vice President and Account Director
Leo Burnett Company Inc.

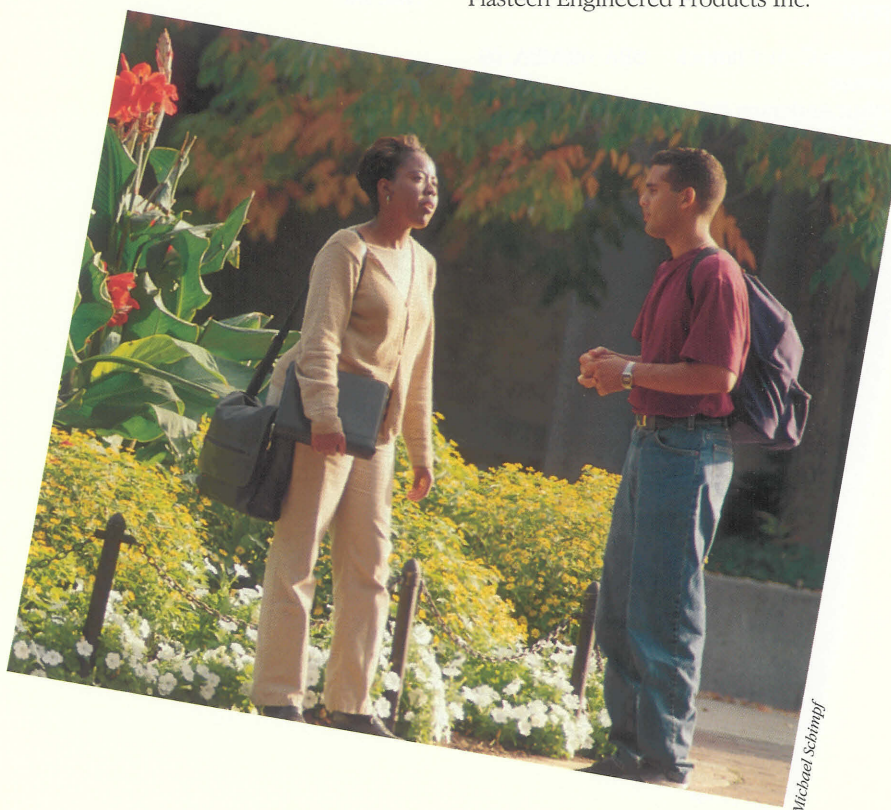
Thomas R. M. Bain
*Chief Administrative Officer
of Human Resources*
J. P. Morgan and Company Inc.

Stuart M. Blinder
*Acting Senior Vice President
of Finance*
Lever Brothers Company
Unilever United States Inc.

Keith E. Brauer
Vice President and Chief Financial Officer
Guidant Corp.

Richard F. Brenner
President—Human Resources Division
Texaco

Julie Brown
President and Chief Executive Officer
Plastech Engineered Products Inc.



Michael Schimpf

Robert A. Center MBA '72
Vice Chairman-Human Resources
Ernst & Young

Donald Chisholm BBA '55/MBA '56
President
Ann Arbor Associates Inc.

James A. Clayton MBA '80
Managing Director
Bankers Trust Company

Charles R. Eisele
Vice President for Strategic Planning
Union Pacific Corp.

John J. Farrell
Executive Vice President-Human Resources
Chase Manhattan Corp.

John N. Fox, Jr. MBA '67
Vice Chairman
Deloitte & Touche Consulting Group

Ted N. Haddad BBA '82
Vice President
R. H. Bluestein & Company

Laurence J. Hagerty
President and Chief Executive Officer
Medstat Group

Thomas E. Jones
Executive Vice President
Citicorp/Citibank

Michael J. Lashendock BBA '83
Principal
Morgan Stanley and Company Inc.

Jay Levin BBA '82
President and Chief Executive Officer
PPOM

Douglas C. McClintock BBA '68/MBA '69
Partner
Arthur Andersen & Company

Donald R. Parfet MBA '77
Senior Vice President-Affiliated Businesses
Pharmacia & Upjohn Inc.

Steven W. Percy MBA '72
Chairman and Chief Executive Officer
BP America

M. L. Peterson
Senior Vice President-Marketing Networks
Nortel North America

Charles E. Pierce
Vice President and General Manager/Commercial Products
The Procter & Gamble Company

Thomas S. Porter MBA '67
General Partner
Enterprise Development Fund L.P.

Richard E. Posey MBA '72
President and Chief Executive Officer
Hamilton Beach/Proctor Silex

J. Paul Power BBA '83
Regional Director
INVESCO

Bonnie R. Proctor MBA '74
Senior Vice President
Bank of America

Richard M. Routhier
Senior Vice President and General Manager/Middle Market
American Express Corporate Services

Lawrence R. Rutkowski
Vice President-Corporate Finance
NBC Inc.

Barry Schuman
Senior Vice President-Human Resources
Tenneco Inc.

Greg Sebaskey
General Manager/ Customer Services Division
Hewlett-Packard Company

Jeffrey C. Sinclair MBA '81
Director
McKinsey & Company Inc.

Cheryl R. Solomon MBA '78
Manufacturing Controller
Intel Corp.

Carlton A. Stockton
Vice President-External Affairs
MCI Communications Corp.

Beverly Thelander
Vice President
ARCO Products Company

Richard E. Van House MBA '70
Executive Director
Marketing Plans and Brand Development
Ford Motor Company

Sharon Reed Walker BBA '74/MBA '81
Controller
Mead Johnson Nutritionals

Paul E. Weaver MBA '72
Vice Chairman
Price Waterhouse

Robert L. Wood
Business Vice President-Engineering
Plastics
The Dow Chemical Company

Gloria A. Zamora
General Director-Sales for SASCO
Whirlpool Corp.

National Campaign Committee

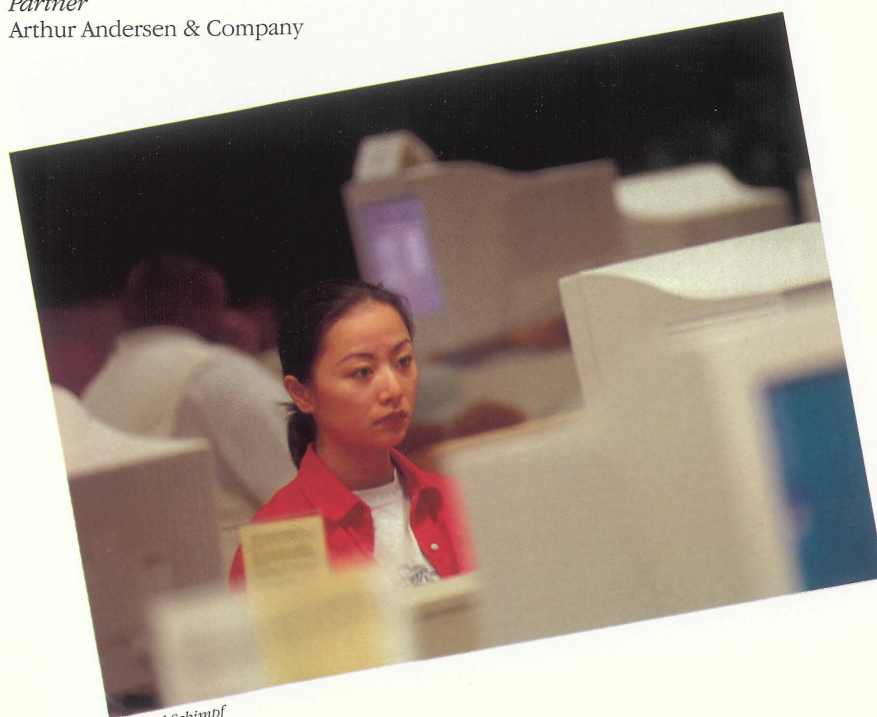
The National Campaign Committee advises the dean and the Office of Development on plans, programs and activities related to the raising of private funds and assists in setting the direction of the development program.

Richard H. Rogel BBA '70
National Campaign Committee Chair

Andrew P. Barowsky MBA '74
President
F. R. Lepage Bakery Inc.

Mary N. Bradbury BBA '57/MBA '58
President
Bradbury, Romey, Egan and Partners
Real Estate

Peter F. de Vaux BBA '66/MBA '70
President
The Fordney Group



Michael Schimpf

Robert C. Emde BBA '60/MBA '61
Partner
Ernst & Young

Hud Englehart
President
Kemper Lesnick Communications

Stanley D. Frankel MBA '64
Frankel Associates

Arthur M. Friedman BBA '57

Bert A. Getz, Jr. MBA '95
Vice President
Globe Corp.

Carleton H. Griffin BBA '50/MBA '53
Professor Emeritus of Accounting
University of Michigan Business School

Barnett C. Helzberg, Jr. BBA '56
Shirley and Barnett Helzberg Foundation

Fred Ittner MBA '53
Ittner & Associates

Ronald A. Johnson BBA '69
President
Rackson Corp.

Thomas C. Jones BBA '68/MBA '71
President
CIGNA Individual Insurance

Joseph P. Keithley MBA '76
Chairman, President
and Chief Executive Officer
Keithley Instruments Inc.

William C. Martin MBA '65
President
First Martin Corp.

Ray E. Newton, Jr. MBA '59
Chairman
Newton & Company

Timothy W. O'Day MBA '80
Vice President and Account Director
Leo Burnett Company

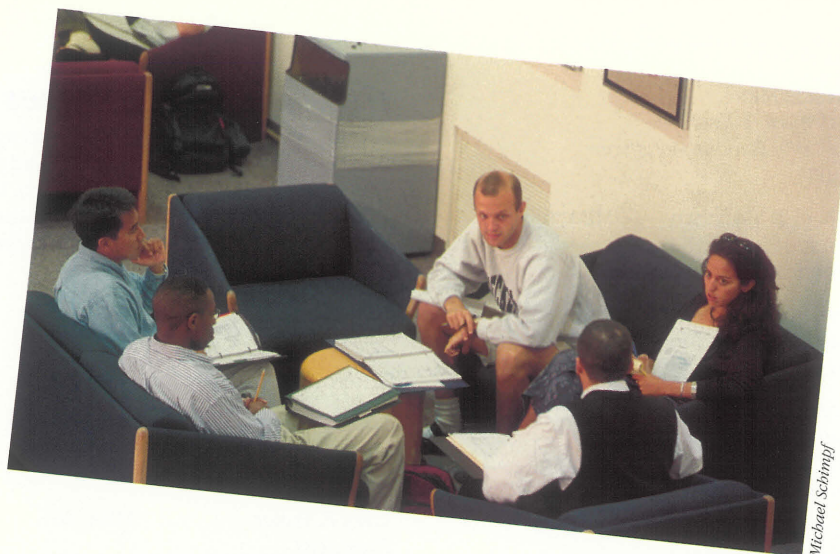
Judith S. Olson PhD.
Professor of Computer
Information Systems
Professor of Psychology
Professor of Information
University of Michigan

William R. Parker MBA '74
President
Phoenix Color

Gary T. Walther MBA '63
Senior Managing Director
EVEREN Securities Inc.

Ronald N. Weiser BBA '66
Chairman and Chief Executive Officer
McKinley Associates Inc.

Frank T. Westover BBA '61/MBA '62
Senior Vice President and Controller
Whitman Corp.



Visiting Committee

The Visiting Committee is a forum for communication between the Business School and the community. It advises the faculty and administration on plans, programs and research activities; counsels the faculty and administration on ways of anticipating and responding to changing management needs of the business community; and assists the dean with the direction and development of the Business School.

John C. Morley MBA '58
Visiting Committee Chair
President
Evergreen Ventures Ltd.

Terence E. Adderley BBA '55/MBA '56
President and Chief Executive Officer
Kelly Services Inc.

David D. Alger MBA '68
President and Chief Executive Officer
Fred Alger and Company

Don H. Barden
Chairman and President
Barden Communications Inc.

John W. Barfield
Chairman
Bartech Inc.

Mary L. Campbell MBA '79
General Partner
Enterprise Development Fund

Cleveland A. Christophe MBA '67
Managing Partner
TSG Capital Group L.L.C.

William Davidson BBA '47
President
Guardian Industries Corp.

John M. Devine MBA '72
Executive Vice President
and Chief Financial Officer
Ford Motor Company

George L. Farr BBA '63/MBA '64
Vice Chairman
American Express Company

Harvey C. Fruehauf, Jr. BBA '52
President
HCF Enterprises Inc.

Paul B. Gordon BBA '47
Chairman
Gordon Food Service

Mary Kay Haben MBA '79
Executive Vice President/
General Manager
Kraft Foods

William K. Hall MBA '67/PhD '69
Chairman
Falcon Building Products Inc.

Michael R. Hallman BBA '66/MBA '67
President
The Hallman Group

Todd W. Herrick
President and Chief Executive Officer
Tecumseh Products Company

Michael J. Jandernoa BBA '72
Chairman and Chief Executive Officer
L. Perrigo Company

Thomas H. Jeffs II BBA '60/MBA '61
Vice Chairman
First Chicago NBD Corp.

James H. Keyes
Chairman
Johnson Controls Inc.

Kim Woo-Choong
Chairman
Daewoo Corp.

William D. Marohn
Vice Chairman
Whirlpool Corp.

Richard L. Measelle
Worldwide Managing Partner
Arthur Andersen & Company

Ernest S. Micek
*Chairman, President
 and Chief Executive Officer*
 Cargill

Michael T. Monahan MBA '67
President
 Comerica Bank

Southwood J. Morcott MBA '65
Chairman and Chief Executive Officer
 Dana Corp.

Peter S. Ordway
*Chairman, President
 and Chief Executive Officer*
 Union Pump Company

Roslyn B. Payne BBA '68
President
 Jackson Street Partners Ltd.

George A. Peapples MBA '63
*Vice President-Industry/
 Government Relations*
 General Motors Corp.

John Psarouthakis
Founder and Chairman
 JPEnterprises Inc.

P. Anthony Ridder
Chairman and Chief Executive Officer
 Knight-Ridder Inc.

Sheli Z. Rosenberg
President and Chief Executive Officer
 Equity Group Investments Inc.

Christopher J. Steffen

Joel D. Tauber BBA '56/MBA '63
Chairman
 Tauber Enterprises

Amnuay Viravan MBA '54/PhD '59
*Former Deputy Prime Minister/
 Minister of Finance*
 Thailand

H. Martin Westfall
Executive Partner-International
 Coopers & Lybrand LLP

Gilbert R. Whitaker, Jr.
Dean
 Jesse H. Jones Graduate School
 Rice University

Iva M. Wilson

Jerome B. York MBA '66
Vice Chairman
 Tracinda Corp.

Bruce Zenkel BBA '52
Partner
 Zenkel Schoenfeld

Growth Fund Trustees

The Growth Fund is a diversified and aggressive endowed investment portfolio made up of designated contributions to the University of Michigan Business School for the purpose of achieving long-term capital growth. It is managed by alumni and friends of the Business School (see below). A portion of the annual earnings supports entrepreneurial teaching and research endeavors at the Business School.

Mary Lincoln Campbell MBA '79
Growth Fund Trustees Chair
Partner
 Enterprise Management Inc.

Louis G. Allen BBA '51/MBA '56
Private Banker
 The Bank of Bloomfield Hills

Gary E. Baker MBA '86
President
 Baker Investment Group

Robert M. Brown
Chairman
 Arcadia Bidco

Cleveland A. Christophe MBA '67
Principal
 TSG Capital Group LLC

Norman G. Herbert
Associate Vice President and Treasurer
 Office of the Treasurer
 University of Michigan

Dohn L. Kalmbach BBA '60/MBA '62
General Partner
 Berman, Kalmbach & Company

Joel D. Tauber BBA '56/MBA '63
Chairman
 Tauber Enterprises

B. Joseph White PhD '75
Dean
 University of Michigan Business School

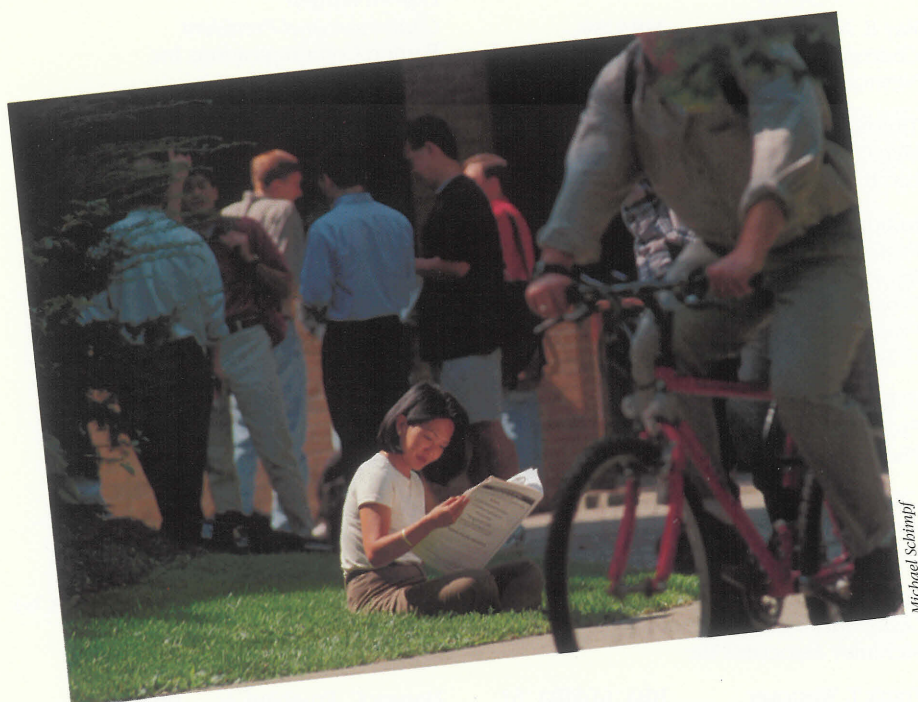
Alumni Investment Managers

Dixon R. Doll PhD.
Independent Consultant

Lawrence J. Goldstein MBA '58
General Partner
 Santa Monica Partners

Harold R. Kellman MBA '68
President
 HRK Enterprises

David T. Shelby BBA '62/MBA '64
President
 ICM Industries



Michael Schmitt

UNIVERSITY OF MICHIGAN REGENTS

- Laurence B. Deitch, Bloomfield Hills
- Daniel D. Horning, Grand Haven
- Olivia P. Maynard, Goodrich
- Shirley M. McFee, Battle Creek
- Rebecca McGowan, Ann Arbor
- Andrea Fischer Newman, Ann Arbor
- Philip H. Power, Ann Arbor
- S. Martin Taylor, Grosse Pointe Farms

Ex-Officio Member

- Lee C. Bollinger, president, University of Michigan

The University of Michigan, as an equal opportunity/affirmative action employer, complies with all applicable federal and state laws regarding nondiscrimination and affirmative action, including Title IX of the Education Amendments of 1972 and Section 504 of the Rehabilitation Act of 1973. The University of Michigan is committed to a policy of nondiscrimination and equal opportunity for all persons regardless of race, sex, color, religion, creed, national origin or ancestry, age, marital status, sexual orientation, disability, or Vietnam-era veteran status in employment, educational programs and activities, and admission. Inquiries or complaints may be addressed to the University's Director of Affirmative Action and Title IX / Section 504 Coordinator, 4005 Wolverine Tower, Ann Arbor, Michigan 48109-1281, (313) 763-0235, TDD (313) 647-1388. For other University of Michigan information call (313) 764-1817.

University of Michigan Business School
701 Tappan Street • Ann Arbor, Michigan 48109-1234
<http://www.bus.umich.edu>