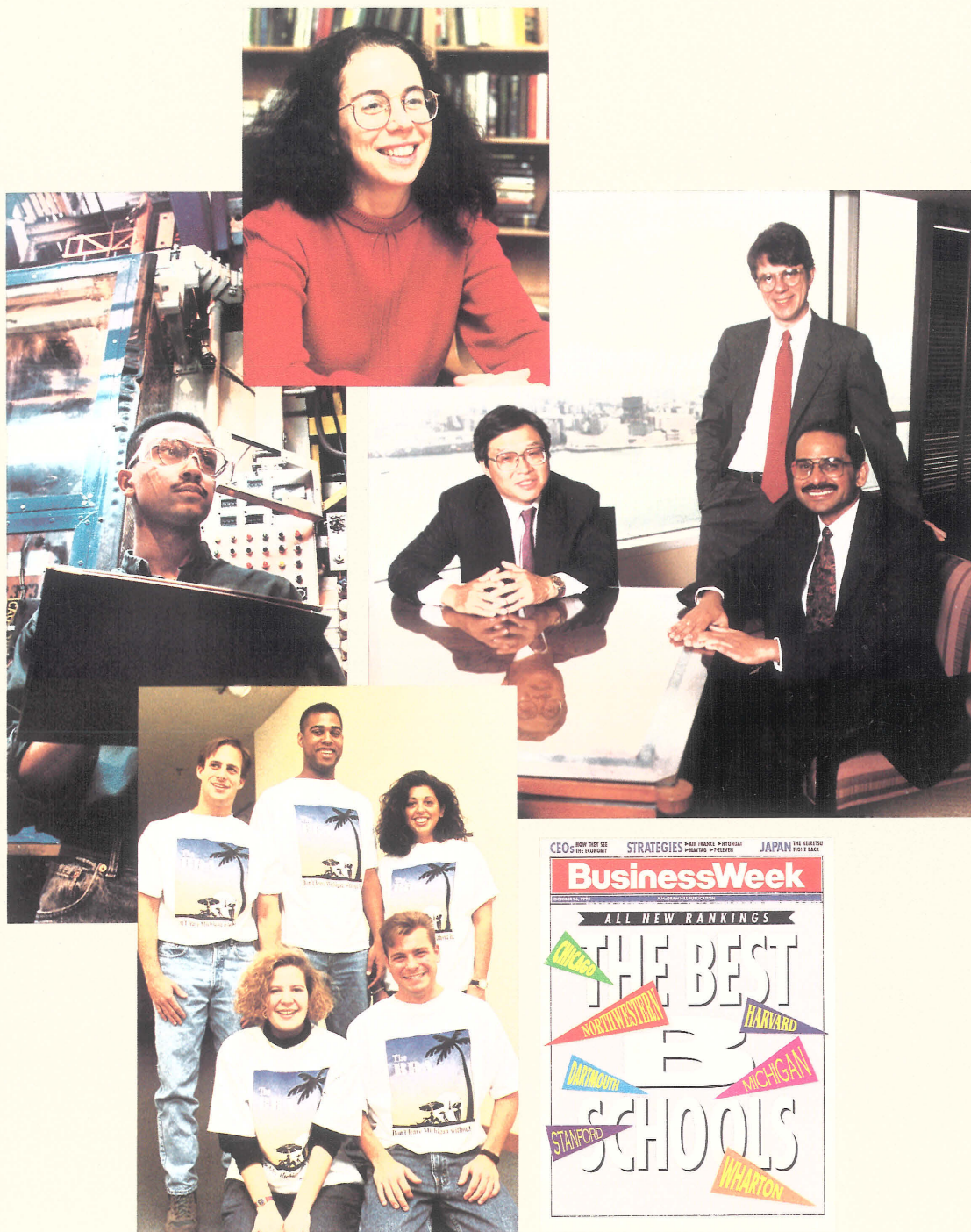


MICHIGAN BUSINESS SCHOOL



YEAR ENDING JUNE 30, 1993

VITAL STATISTICS

HISTORY

The Business School was officially established in 1924 with an MBA program. A Ph.D. program was added in 1935, and a BBA in 1942 with two years of liberal arts study required. Students also can earn a master of accounting degree under a special five-year program.

STUDENTS

Enrollment figures for 1992-93 were: BBA 564; MAcc 37; MBA full-time 858, part-time 986; and Ph.D. 98.

MBA candidates' median score on the Graduate Management Admissions Test was 630, ranking them in the 90th percentile nationwide. BBA students coming to the Business School in their junior year had a median grade point of 3.4.

The School grants more than 500 MBA and almost 300 BBA degrees each year. Over 350 firms recruited students in 1992-93. In 1992, 68 percent of BBAs and 96 percent of MBAs had summer internships; the average BBA salary in 1993 was \$33,122; MBA salaries averaged \$60,622 for the class of '93. Students in the MBA program are exceptionally diverse. The class entering in 1993 included 31% minority; 29% female; and 16% international members.

COSTS

1993-94 tuition: undergraduate residents \$2,703 per semester, undergraduate non-residents \$8,164 per semester; graduate residents \$6,149 per semester, graduate non-residents \$9,744 per semester.

FACULTY

Dean B. Joseph White heads a faculty of 130 members who teach and conduct research in 12 areas.

EXECUTIVE EDUCATION

An Executive Education Center offers more than 40 executive programs and management seminars. More than 5,000 executives and managers from more than 1,500 companies and organizations attend annually. In 1991, Michigan was ranked number one in the country in executive education in the first-ever survey of corporate customers conducted by *Business Week*. In 1992, the Center ranked first worldwide in the number of executives attending. Executive sessions range from two days to five weeks. Facilities include eight fully-equipped classrooms, offices, and a residence that offers complete hotel services.

THE WILLIAM DAVIDSON INSTITUTE

The William Davidson Institute was established in 1992 to help countries make the transition from a command to a free-market economy and to help U.S. businesses operate successfully in emerging market economies.

SPECIALIZED OPERATIONS INCLUDE:

The Business and Industrial Assistance Division (BIAD)
The Center for International Business Education (CIBE)
Cognitive Science and Machine Intelligence Laboratory
The J. Ira Harris Center for the Study of Corporate Finance
The Mitsui Life Financial Research Center
The National Quality Research Center
The Office of Manufacturing Management Research
The Office of Public and Private Institutions
The Office of Private Equity Finance
The Office of Tax Policy Research and Analysis
The Paton Accounting Center

THE KRESGE LIBRARY

One of the nation's largest business libraries with more than 210,000 volumes, 400,000 microforms, 3,200 periodicals and serials.

COMPUTING FACILITIES

A 50,000 square-foot computing center is equipped with 170 advanced microcomputers housed in public labs and the library. A 900-node Ethernet network connects every classroom, lab workstation, library study room, faculty and staff office, conference room, and Executive Residence room to the campus backbone with Internet links.

ALUMNI

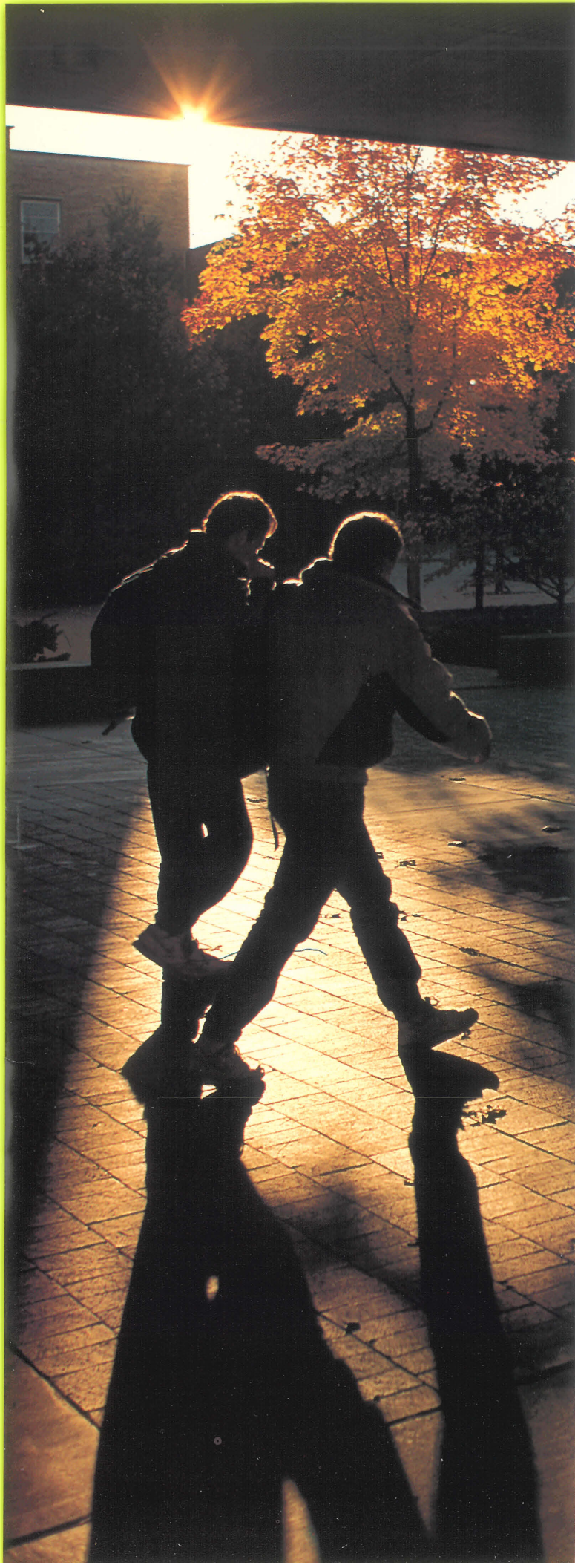
The School's alumni network includes more than 27,500 alumni in all 50 states and 68 foreign countries. A new initiative to develop business school clubs resulted in the establishment of 3 clubs in 1993 and more are being planned.

SUPPORT

Private support from alumni, corporations and foundations totaled \$7,142,445. Private support for the Davidson Institute was \$1,660,000, bringing the total of support for the Michigan Business School in 1992-93 to \$8,802,445.

FINANCES

The School's 1992-93 revenues were nearly \$58 million. Student tuition and fees accounted for 48% of that total, the executive education programs 33%, with the balance from research grants, gifts, and investment income. The market value of the School's endowment is approximately \$50 million.



Philip T. Dutilleul

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About the Cover: Pictures on our cover symbolize some of the highlights of this year. They include (reading clockwise from the top): a picture of Janet Weiss, associate dean with responsibility for the Ph.D. program, who has introduced a number of significant changes into the Ph.D. program; three finance professors pictured in Hong Kong, where Executive Education now offers some of its most popular programs; the cover of the *Business Week* issue that ranked our MBA program #5 among the nation's business schools; BBA students enjoying the first-ever BBA Week; and an MBA student participating in MAP, one of our curriculum innovations that went from a pilot program last year to full implementation this year.

Dean:

B. Joseph White

Senior Associate Dean:

Paul Danos

Associate Deans:

George Siedel III

Janet A. Weiss

Assistant Dean:

Judith A. Goodman

Editor:

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University Lithoprinters

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♻️ Printed on Recycled Paper



Philip T. Dattilo

B. Joseph White, Dean

FROM THE DEAN

This has been a strong year for the Michigan Business School. It was the year we were cited by *Business Week* as one of America's most nimble and fast-moving business schools. It was also the year when our MBA program was ranked #5 among the nation's business schools by both *U.S. News and World Report* and *Business Week* — a first for Michigan.

In this report, I would like to share with you the goals we set for ourselves this year and briefly summarize the corresponding achievements.

■ *Goal #1: To implement, successfully and at full-scale, MBA and BBA degree program innovations.*

For BBA students that has meant a strong push to integrate business studies with the arts and humanities, largely through a restructured senior seminar. The MBA has undergone wide-scale changes under the direction of Senior Associate Dean Paul Danos. Seven-week courses have been added to allow for greater flexibility

and innovation. All MBA students now participate in the Multidisciplinary Action Projects (MAP), an on-site experience that is earning high praise from corporate partners, students, and the business press. Our global citizenship efforts have been strengthened by the steady expansion of both the international MBA Assistance Corps and the Domestic Corps, a summer consulting program that pairs MBA students with non-profit organizations throughout the country. Also, newly implemented Executive Skills Training seminars are enabling our MBA students to prepare themselves for leadership by taking advantage of the School's top-ranked Executive Education faculty.

■ *Goal #2: To capitalize on the #1 ranking of the School's Executive Education program, announced by Business Week in October 1991, by capturing additional market share.*

In 1992-93, our executive enrollments were very strong. We gained market share and introduced several new programs.

■ *Goal #3: To achieve a successful launch of the William Davidson Institute.*

The \$30 million gift that created the William Davidson Institute holds great promise for former command economies facing the difficult transition to market economics. In response to the urgent nature of the challenge, a director and staff were quickly put in place, strategies were defined, and this past summer the promise became reality with the debut of the Enterprise Partnership Program. Combining on-site consulting and mentoring with executive education, these three-year partnerships link teams of Davidson student interns with transitional economy enterprises in Czechoslovakia, Russia, China, Poland, and Hungary. The feedback to date is favorable, and we have high expectations for the program.

■ *Goal #4: To achieve "small win" improvements in the Ph.D. program while exploring major options for the future.*

As an important first step, Associate Dean Janet Weiss assumed leadership of the program and within a short time introduced a number of significant changes. On-campus interviews for admitted applicants are helping to assure a good match between students and faculty. An additional research requirement is giving students a taste of independent scholarship prior to their dissertation. Also, a new program is developing to build effective teaching skills.

■ *Goal #5: To achieve strong first-year results in the \$100 million capital campaign launched in September 1992.*

Thanks to the generosity of alumni, foundations and corporations, we surpassed expectations by reaching the halfway point in early summer. By June 30, pledges and gifts totaled \$55 million.

Over the past year, I have had the pleasure of speaking to a number of alumni and friends of the Business School, both to thank them for their support and to bring them up to date on what's going on at the School today. During these conversations, I am often asked about our aspiration to be the very best business school, and about how we can achieve this goal when our resources are not as great as those of our competitors.

My answer to these concerns is that we do not have to be the richest business school to be the best. In recent years, many organizations have learned that an excess of resources can breed complacency. C. K. Prahalad, of our faculty, contends that aspirations must, in fact, stretch resources in order to stimulate high achievement.

So I believe we have, or can acquire, the resources necessary to be the best. Why? Because resources follow success, not vice-versa.



Philip T. Dantilo

For example, our Executive Education operation started with adequate resources — not top resources — and yet it was ranked number one by our customers in a 1992 *Business Week* survey. And that ranking, in turn, was important in attracting the Davidson Institute to our School.

Every win of a unit or member of our School is a win for the entire School. When Professor Karl Weick wins a lifetime award for the quality of his research, that benefits all of us; when our curriculum innovations are cited in the national press as an example of our leading-edge thinking, that too is a win for all of us—and we attract resources by piling wins on top of wins.

A key part of our strategy for making Michigan first among its peers involves a School-wide Quality Initiative. It is imperative that we find ways to stimulate and support the improvement of everything we do—teaching, research, and administration—something that can occur only through an ongoing process of self-education and effort.

As an important first step, we established a Quality Council in mid-1991. The 22 members of this team, who include the deans and top administrators of the School, have met monthly to learn, discuss, analyze, plan, and set an agenda for Michigan's Quality Initiative. We struggled to adapt corporate quality experience to our academic setting. By mid-1992 the groundwork had been laid, and we were ready to take action.

During this past year, the Quality Council tackled a number of big issues and implemented some exciting programs. Specifically:

■ The Michigan Business School Quality Initiative was officially launched during the spring months, when every staff member attended a four-hour orientation program designed to move the vision, the concepts, and the commitment to quality through the organization.

■ We conducted our third annual student and faculty satisfaction surveys. These polls, carried out by an independent agency, are allowing us to pinpoint areas of strength and weakness and to focus our energies to greater effect. To give one example: the MBA student satisfaction poll



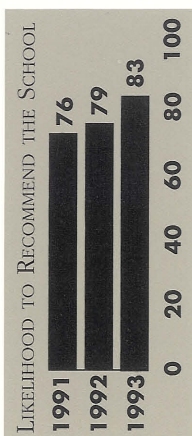
Philip T. Dattilo



and likelihood to recommend the School shows a continuing upward direction. With trends like these, I am confident we can win.

■ Staff members took part in the first staff satisfaction survey. Results are being used to help structure programs for improving effectiveness and satisfaction.

■ In September, the School's Teaching Committee sponsored a workshop attended by many of our faculty. It was led by University of Chicago Professor Harry Roberts, who shared his work on how to apply quality concepts and methods to improve classroom teaching.



■ After a great deal of hard work, we identified four key areas of quality indicators and set up teams to benchmark and track our success in:

- 1) attracting premier talent in faculty, students and staff;
- (2) creating a vibrant and innovative intellectual environment;

- (3) providing a quality infrastructure; and
- (4) serving all of our constituents, from students and faculty to alumni and corporations.

Conventional wisdom is that what we do in higher education is not measurable. I do not subscribe to that view. While I would never claim that everything we do that's important is measurable, much of our performance will yield to measurement if we are determined and creative enough.

■ Task forces were established to make recommendations for improving the School's telephone service, implementing a recycling program, and creating a formal process for staff recognition.

■ During the fall, members of the School's management staff attended two skill-building seminars taught by top Executive Education teachers.



Gregory Fox

Dean White (left), and Professor Paul Danos, senior associate dean for the MBA and BBA programs, are pictured in animated discussion during a break in the kick-off of the 1992-93 MAP program.

■ A strategy was developed to bring team training and other valuable elements of M-Quality, the University's total quality management program, into the Business School community.

We have made a good strong beginning, but it is only a beginning. In the coming year, we plan to enlarge and accelerate the Quality Initiative: identifying critical issues, clarifying shared values and goals, streamlining processes, setting benchmarks and measuring progress, building functional problem-solving teams, and giving form to our absolute commitment to quality excellence.

It should come as no surprise that the slope at the summit is steep and slippery. Our competitors are not only aggressive and entrenched but extremely well funded. However, we have a number of factors working in our favor. Foremost among them is people. Our faculty, students, and staff are creative, ambitious, and determined to achieve. Our loyal alumni and friends are willing and ready to invest in the people that power the Michigan Business School. I thank you for your support and, as always, welcome your comments.

Joe White

STUDENTS

MAP Goes from Pilot Program to Full Implementation

The Multidisciplinary Action Project (MAP) in which teams of MBA students spend seven weeks in companies working on core operating processes, went to full implementation this year. Last year (the pilot year) there were 21 projects at 20 companies and 140 MBA participants. This year MAP was expanded to include 60 projects at 46 companies and the entire 420-member MBA class.

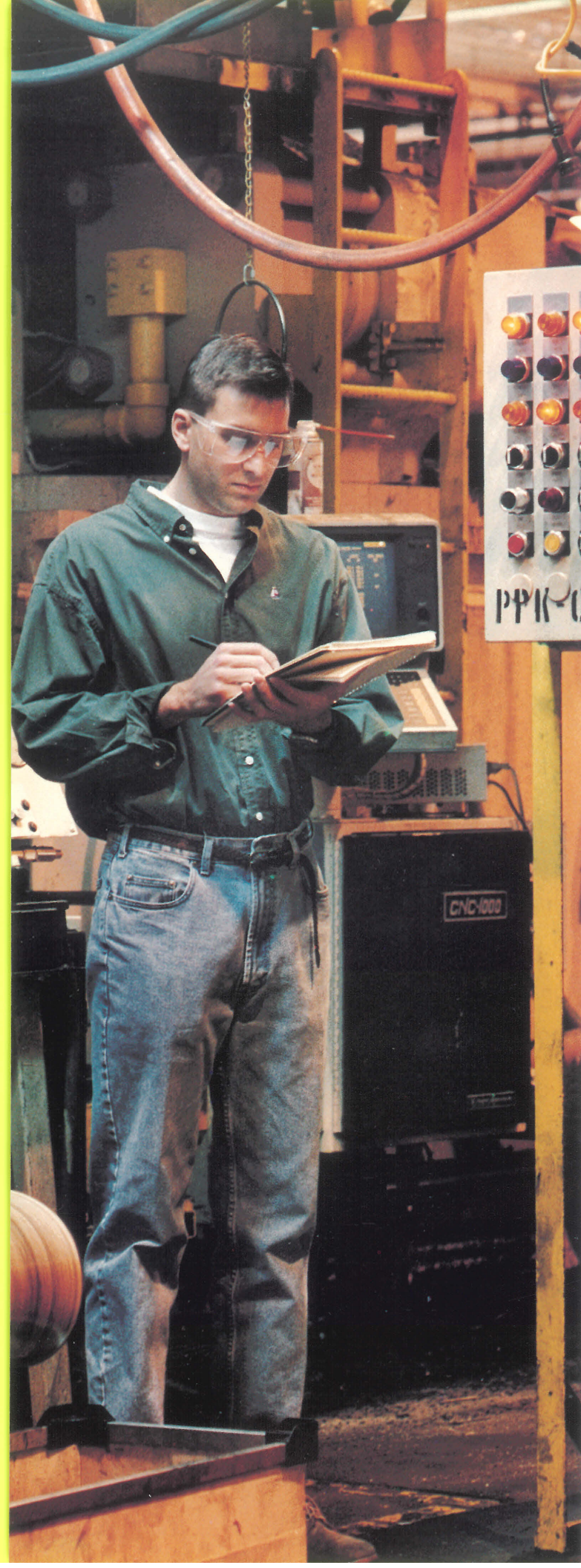
MAP projects occur during the final seven weeks of the first year of the MBA curriculum, thus providing an opportunity for students to apply the concepts learned from their other core courses in an actual business environment. MAP puts students in projects that requires them to focus on company operations—the level at which products are developed and made and customers are won or lost—adding a vital dimension to the traditional MBA focus on finance and strategy.

The projects are also designed to teach the future executives how to take into the real world the new quality-based management techniques that companies need to compete, but which few of today's managers know how to use. The MAP program was developed by faculty and students, with the assistance of representatives from Xerox, General Electric, Motorola, Federal Express, and The Boston Consulting Group.

Under the guidance of an interdisciplinary faculty team, MAP participants strengthen their skills in operational analysis as well as improve their understanding of how the various disciplines interact in an actual business environment.

For example, at Chrysler this spring a team of MBA candidates revamped the company's customer-response system. They devised a super-efficient computer coding system that helps channel customer feedback to the carmaker's myriad departments. Says Peter Edghill, the Chrysler manager who oversaw the student project, "It was absolutely dynamite. We probably

◀ *MBA student John Meyer works on a MAP project involving the part molding process at GE Plastics.*



would have done this in-house, but it would have taken six months. It took them seven weeks.”

“A dazzling boardroom strategy is not enough to make a company successful,” says Senior Associate Dean for Curriculum Paul Danos. “Operational excellence is just as important. Competitiveness today hinges on things like solving process problems and reducing cycle time. MAP is designed to produce MBAs who not only know that, but can act on it. MAP is also showing students how to break down the obstacles that are keeping the new quality concepts from taking root in most companies.

New Developments in Our Doctoral Program

Innovations in the admissions process and a new research requirement are among the changes that have been inaugurated this year in the Michigan Business School Doctoral Program.

The new research requirement is intended to give students an opportunity to explore a potential dissertation topic, or to complete a publishable piece of work prior to the dissertation.

“The scholarly journey is arduous and it’s not for everyone,” explains Professor Janet Weiss, associate dean with responsibility for the Ph.D. program. “It demands tremendous discipline and initiative and taking charge of your own professional development. There are conventions of scholarship and the scientific method to give you ways to explain and justify why your conclusions are sound, but the ideas, the problems you choose to work on, the data you choose to collect, the models you choose to concentrate on — all of that has to be some combination of what’s been done in the field along with your own contribution. Our new research requirement gives doctoral students a taste of this process before they are launched onto their dissertation research.”

This year for the first time, finalists for admission to the doctoral program (about 45 of an applicant pool of 500) were interviewed at the School, and the 25 admitted applicants were invited to come to campus for a weekend, during which they stayed with current Ph.D. students, met other doctoral students, heard research



Michigan Rises to Top Five Ranking

Rankings in both *Business Week* and *U.S. News and World Report* have found that the Michigan Business School is the number five business school in the nation. Previous rankings by both magazines have placed Michigan in the number seven spot.

The four top business schools were the same, according to both magazine rankings, although they were in different order. According to *Business Week*, the top five schools, in order, are Kellogg, Chicago, Harvard, Wharton, and Michigan. *U.S. News and World Report* ranks the top five as Harvard, Stanford, Wharton, Kellogg, and Michigan.

The two magazines use different methodologies to arrive at their rankings. *Business Week*, which ranks schools every two years, adopts a consumer's approach. This year, they sent surveys to 6,046 of this year's graduates of 36 prominent business schools and to 352 companies that actively recruit MBAs at the top schools.

U.S. News and World Report, which ranks schools annually, uses five categories to determine its rankings: student selectivity (25 percent of the score), placement success (30 percent), graduation rate (5 percent), and two reputational surveys, each accounting for 20 percent.

presentations by the faculty, and were able to absorb a lot of information about our Ph.D. environment.

These new arrangements help to ensure an excellent "fit" between the resources of the School and the interests of the applicant. "Interviews make a difference," says Associate Dean Weiss. "During the interview you are able to look for the best fit between the faculty and the research interests of the applicant, as well as for a clear understanding by the applicant about what is involved in doctoral study."

Dramatic improvements have also been made in the computing environment for Ph.D. students, including upgrading the hardware available to them, networking both the Ph.D. labs and offices, and making databases and other kinds of research computing resources available to Ph.D. students. This includes a free-standing, high-powered Sun Workstation.

The BBA — Don't Leave Michigan Without It!

The first BBA Week began this year, complete with pizza, specially designed BBA T-Shirts and an MBA/BBA Forum, nicknamed "Chat and Chow."

The MBA/BBA Forum, which was one of the Week's events, gave students the opportunity to talk to MBA students about their work experiences at companies such as American Express, Dupont, Deloitte and Touche, Procter & Gamble, and Merrill Lynch. BBA graduates are traditionally recruited by top companies who are attracted by their impressive undergraduate business training.

The goals of the BBA Week, which were developed by the BBA committee of the Student Government, were to recognize BBAs, build identity and camaraderie within the program, and to increase the awareness of the BBA program within the Business School community.

Philip T. Dattilo



The BBA Program, which is consistently ranked as one of the top undergraduate business programs in the U.S., annually admits about 280 students for the final two years of their undergraduate education.

Students in a Global Citizenship Project Find Out How Much One Person Can Make a Difference

Participation in the T-LC Mentors program at Scarlett Middle School in Ann Arbor is one of several options offered to MBA students taking part in the Business School's Global Citizenship Program. T-LC stands for "Teaching-Learning Communities," and is designed to mentor youths at risk. "One out of every four American youths drops out before completing high school," says Carol Tice, director of the program. "Mentoring can be incredibly important in helping kids make positive choices for their lives."

Launched in 1991 as part of the new MBA curriculum, the Global Citizenship Program begins with a two-day orientation experience during which students, working in teams, and cooperating with local service groups, complete various projects. Along with participating corporate managers and faculty, they do such things as working with senior citizens through the Neighborhood Senior Service agency; spending time painting and fixing up a community center in inner city Detroit; and cleaning up pollution in the Huron River.

Following the orientation experience, teams are asked to adopt a project to work on for the

entire year, emphasizing the ongoing nature and complexity of the issues and the necessity for a long-term commitment to solutions. The Scarlett Mentoring Project grew out of such a commitment.

For most MBA students, their quick immersion in the real-life problems of real people is a powerful educational experience, says MBA student Sean Hudson, student coordinator of the Scarlett Mentoring Project. "It's a high-impact, emotional program that forces you to take action," he says. "You don't just have cases to study; you plunge into it feet first. You can be a global citizen in your own environment. Our slogan was Think Globally, Act Locally. It works!"

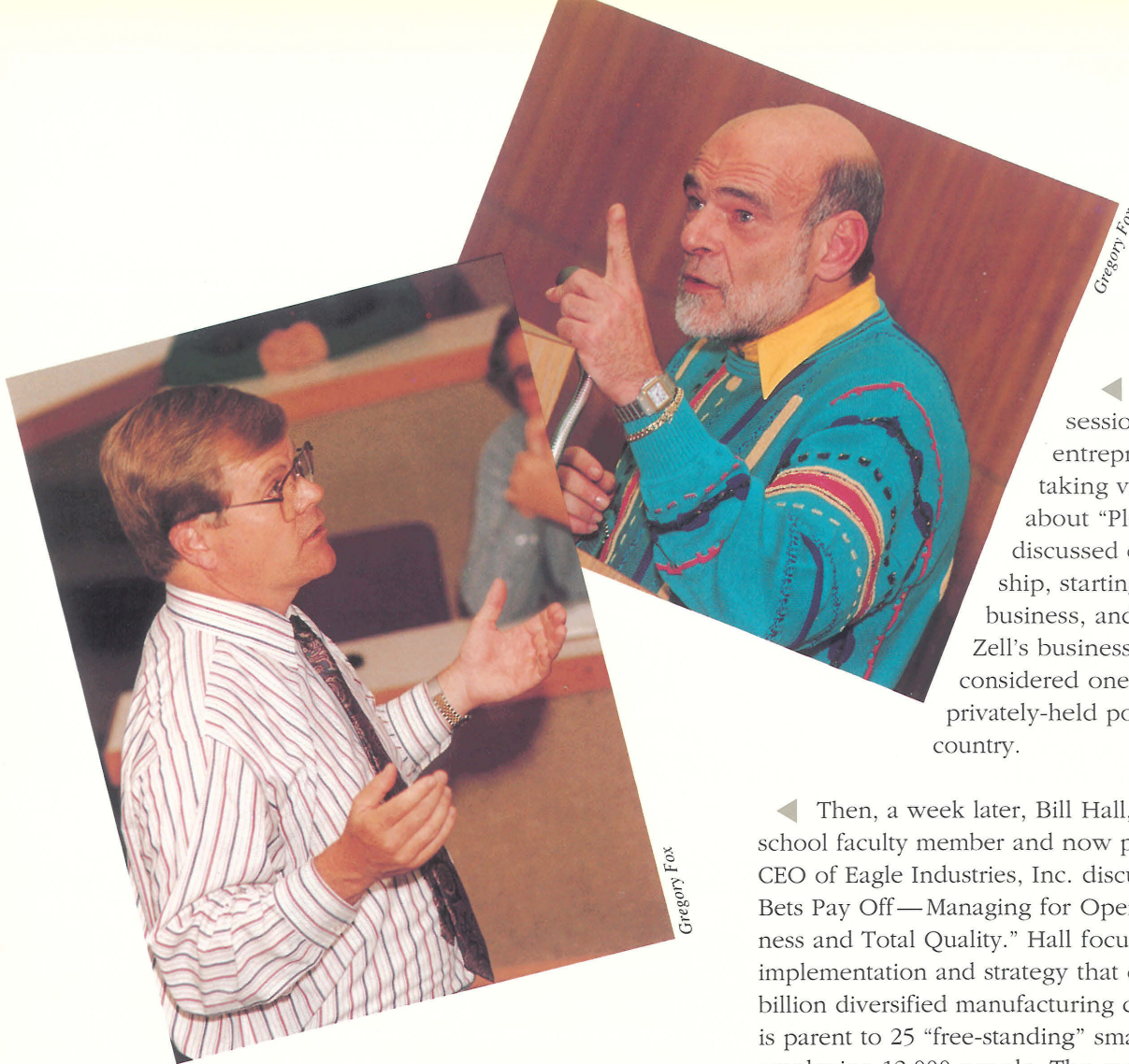
The MBA students came up with a variety of ideas for involvement with the kids — a "costume exchange" where everybody made quick costume changes; a "holiday fair" in which the kids made inexpensive gifts for their families; a theoretical "what's the most we could each purchase if we had \$15" project that turned into the real thing when each student was actually given \$15 to spend for gifts (the money came from a grant from Newman's Own Salad Dressing); and a lot of soccer and basketball and Scrabble games. This year there are three times as many Scarlett students participating in the T-LC program. "The word got out," says Tice, adding, "The Michigan MBA students have brought a tremendous infusion of interest, focus and sheer energy to the program."

After the success of the first year's program, the Business School Global Citizenship team approached the Detroit chapter of General Electric's Elfun Society, a group of GE managers and professionals that looks to the well-being of the community. As part of the School's desire to include corporate partners in the Global Citizenship initiative, they invited GE executives to a two-day workshop along with MBA students to discuss various Global Citizenship initiatives. From that time on, GE executives have become part of the T-LC Mentors program, taking an active role in sessions at the School.

◀ *MBA student Sean Hudson talks with Latara Jones in the T-LC Mentors program.*



Gregory Fox



◀ In the first session, Sam Zell, entrepreneur and risk-taking visionary, spoke about "Placing Bets." He discussed entrepreneurship, starting and building a business, and assessing risk. Zell's business empire is considered one of the largest privately-held portfolios in the country.

◀ Then, a week later, Bill Hall, former business school faculty member and now president and CEO of Eagle Industries, Inc. discussed "Making Bets Pay Off—Managing for Operating Effectiveness and Total Quality." Hall focused on the implementation and strategy that drives a \$1.2 billion diversified manufacturing company which is parent to 25 "free-standing" smaller companies employing 12,000 people. The majority ownership of Eagle Industries is held by Sam Zell and his partners.

TEACHING

Dean's Seminars Give Students Insight into the World of Practice

The tradition of "Dean's Seminars" at the School offers students an opportunity to hear, and have informal interaction with, successful business people from the "real world." The Seminars are attended by students invited because of special interests in the speakers' areas of expertise. This creates a small enough group to allow for the kind of informal give-and-take that enhances learning and thoughtful consideration of issues.

Two linked Dean's Seminars this year gave students an informative and insightful view of entrepreneurship and strategy from the point of view of two special and highly successful players from the world of practice.

Symposium Considers Ways to Teach Corporate Strategy

Faculty members in corporate strategy from all over the country gathered at the Business School for a symposium to discuss recent developments and innovations in the teaching of corporate strategy, including core courses, electives, and the teaching of doctoral students and executives.

Attendance at the Symposium was by invitation only in order to keep the attendance small enough so that everyone could participate in each session. The Symposium took place over two days, and included sessions on the MBA core strategy course of the future; teaching strategies for executives and other students with significant professional experience; and recent innovations in course and curriculum design.

Last year, over half of the Michigan Business School faculty attended on a volunteer basis a two-day seminar on teaching effectiveness. That program focused on a series of cases exploring the challenges of teaching, and included sessions led by eight of the best teachers at the Michigan Business School.

Ph.D. Students Offered Program to Improve Teaching

A new program to help Ph.D. students develop their teaching abilities includes lectures, seminars, workshops, class observations of master teachers, mentor relationships between Ph.D. students and experienced teachers, and video taping of classroom presentations.

"The program provides highly customized and flexible skill development for the people who will be teachers of the future," says Dr. Anne Harrington, lecturer in business communication, who directs the program in teacher development. "It is designed to reflect the dynamic nature of the teacher development process. Much of the content of the course is offered in modules, so that students can select among offerings so as to tailor the course to their needs and time constraints." Students may take these modules before or after they assume responsibility for an entire class themselves.



Gregory Fox

Dr. Anne Harrington, lecturer in business communication, who directs the program in teacher development for Ph.D. students, is pictured in her Business School office.

New Seven-Week Courses Enhance Risk-Taking

One of the curriculum innovations initiated by the Business School is the possibility of teaching seven-week courses as well as the traditional 14-week offerings. The flexibility this option allows has proved to be an impetus for innovation. Before the seven-week possibility was initiated by the School, there were 72 elective classes that could be chosen by MBAs; now there are 113. Not only does the seven-week structure encourage more risk-taking, it also allows for greater variety and co-teaching possibilities.

For example, because of the new seven-week structure, Assistant Professor Paula Caproni was willing to take what she calls "a leap of faith" to try to create a course on critical challenges facing organizations, featuring senior faculty members who teach in Executive Education, each of whom would present one class. "I thought the idea was worth trying," she says. "You've got to be willing to accept the idea of failure if you're going to try to innovate, but failure in a seven-week course is not as scary as it would be in a 14-week course."

Student comments on Caproni's class were highly positive. "I loved this class," wrote one. "An experiment that worked. Congratulations!" said another. "A terrific idea," said a third student. "It was great to get exposure to so many of our senior professors in one course." One student had a particularly interesting suggestion. "I think this should be a 14-week course," he wrote.

NEW CHAIRS AND

■ **The Harvey C. Fruehauf Professorship**

The first holder of the new Harvey C. Fruehauf Professorship is C. K. Prahalad, professor of corporate strategy and international business, who was recently named by *Business Week* Magazine as "the most influential thinker on corporate strategy today."

The new professorship was established with a \$1.5 million gift from the Fruehauf Foundation with Harvey C. "Bud" Fruehauf, Jr. and his sister, Barbara Bristol, as principal donors. The professorship honors the memory of Harvey C. Fruehauf, a pioneer in the trailer manufacturing business and a legendary figure in Michigan business history. He was known for his fresh and innovative thinking, competitive spirit and high standards, and personal leadership.

"C. K. Prahalad champions these values through his work in both the academic and business worlds," said Dean B. Joseph White in announcing the professorship. "His superb performance in both our degree program and executive education classrooms is well known. His loyalty and dedication to the Michigan Business School are extraordinary. C. K. brings high visibility and distinction to the Michigan Business School, and makes a difference in the lives of his students."

■ **The Max McGraw Professorship**

A major gift from the McGraw Foundation has made possible a new joint senior professorship in the School of Business Administration and the School of Natural Resources and Environment. The professorship, which will be known as the Max McGraw Professorship of Corporate Environmental Management, has been established in memory of Max McGraw—an entrepreneur conservationist and philanthropist—to help increase knowledge and understanding of corporate management of environmental issues and problems through instruction and research in this and related fields. McGraw's grandson, Scott M. Elrod, received his MBA in 1958 from the Michigan Business School, and is a current board member of the McGraw Foundation.

At the age of 17, Max McGraw established the McGraw Electric Company with \$500 he saved from his work as a newspaper delivery boy. From that modest beginning, he was to create two large and successful corporations — the McGraw-Edison Company and Centel Corporation.

The Max McGraw Professor will organize and direct the Corporate Environmental Management Program, envisioned by the Business School and the School of Natural Resources and Environment as a way to take leadership in the increasingly challenging and urgent field of environmental management.

■ **The William Russell Kelly Professorship**

William Russell Kelly, founder and chairman of Kelly Services, has endowed the William Russell Kelly Professorship of Business Administration, which will support teaching and research in the field of human resource management.

In announcing the gift, Kelly commented, "As the demographics of the workforce continue to change and new work styles emerge, the field of human resources is expected to contribute to the definition of corporate business strategies and to the development of structures to meet these changes. It's important that this change is reflected in business courses at the university level."

Founded in Detroit in 1946, Kelly Services is the nation's largest staffing support company and provides human resources services in office, marketing, light industrial and technical areas to a broad group of business customers. The company also provides in-home care through its subsidiary, Kelly Assisted Living® Services.

Mr. Kelly's son, Terence E. Adderley, chairman and CEO of Kelly Services, received his BBA ('55) and MBA ('56) from the Michigan Business School and is a member of our Visiting Committee.

■ **The Edward J. Frey, Sr. Professorship**

The Edward J. Frey, Sr. Professorship of Banking is named in honor of Grand Rapids native Ed Frey,

FACULTY AWARDS

who for 31 years headed Union Bank & Trust Co., now part of NBD Bancorp. A man who combined superb management skills with entrepreneurial initiative, Frey developed a number of banking innovations, including installment loans for mobile homes, and founded the Foremost Corporation, one of the nation's top insurers of mobile homes and recreational vehicles. The professorship in his honor has been established by the Frey Foundation of Grand Rapids.

The Frey Professorship will be awarded to an individual whose teaching and scholarship will have a significant impact on public policy and the practice of banking and financial services, said Dean B. Joseph White. "With this professorship, we can strengthen the School's expertise in banking while infusing our students with an entrepreneurial spirit and commitment to community, state and country. Mr. Frey so clearly demonstrated these principles in his life and by establishing the Frey Foundation."

Edward J. Frey, Sr. received his undergraduate degree from the U-M in 1932, beginning a family tradition of association with the University that has continued for over 60 years, with a number of Frey family members having attended or graduated from the University.

■ **The William Davidson Professorship**

To honor William Davidson on his 70th birthday, his family and friends endowed the William Davidson Professorship of Business Administration.

Davidson is president, CEO and chairman of the board of Guardian Industries Corp. in Northville, Michigan, a privately-owned company employing 8,000 world-wide. Last year, Guardian Industries joined with the Michigan Business School to create the William Davidson Institute. The gift of \$30 million will be given over 20 years. The Institute's primary goal is to help countries make the transition from a command to a free-market economy through a program of instruction, faculty and student development, and research. For more about the Institute, see page 16.

Three Faculty Awards Announced by Dean White

The Eugene Power Award for Junior Faculty Achievement, established to honor a non-tenured member of our faculty for overall contribution and accomplishment, went to **Bernard Y. Yeung**, assistant professor of international business.



Gregory Fox

The Senior Faculty Research Award, which recognizes outstanding achievement in research by a senior faculty member, was given this year to **Wayne S. DeSarbo**, Sebastian S. Kresge Distinguished Professor of Marketing and Professor of Marketing and Statistics.



Gregory Fox

The Sanford R. Robertson Assistant Professorship, a one-year term professorship which provides financial resources to support the faculty member's academic work — teaching and research — in the way he or she deems most useful, was given this year to **Charles M. C. Lee**, assistant professor of accounting.



Gregory Fox



Faculty members teaching the executive education course in Finance for the Non-Financial Manager, at the Hotel Conrad in Hong Kong, where the courses are held. They are (from left) E. Han Kim, professor of finance; James Bodurtha, assistant professor of finance and international business, and M. P. Narayanan, associate professor of finance.

EXECUTIVE EDUCATION IN ASIA

Our Executive Education programs have become more and more international over the years — so that our participants are increasingly from companies located all over the world. In addition, Executive Education has taken its offerings overseas. For example, for the past four years, Executive Education has been offering some of its most popular courses in Hong Kong for the Asian market.

The programs include Corporate Financial Management; the Human Resource Executive

Program in Asia; Finance for the Non-Financial Manager, and Strategic Marketing Planning.

The same strict standards that Michigan Executive Education places on program content for its domestic offerings have been applied to the Asian series, with added emphasis given to international business and global competition issues. Multinational companies based in, or conducting business in the Pacific Rim, have benefited from the global perspective these programs have to offer.

The programs are taught by Michigan Business School faculty who travel to Hong Kong to give the courses. Often while in Hong Kong, faculty members meet with former students — Business School alumni who live and work there. Participating organizations include AT&T, Bangkok Bank Ltd., Citibank, Coca Cola China Ltd., Coopers and Lybrand, Digital Equipment Corporation and Nippon Oil Exploration, Ltd.

Following is an explanation of the Asian offerings:

The Human Resource Executive Program in Asia — Designed for professionals responsible for establishing policy at corporate or divisional levels of major corporations, or for the policy-making head of HRM functions in smaller companies, this program prepares HRM professionals to become strategic partners in creating and implementing successful business strategies.

Corporate Financial Management — This program, developed for financial managers with a minimum of five years' experience in the corporate financial function, provides participants with a systematic way of analyzing the multitude of complex financial issues they face, and helps them understand and examine the principles that guide their decisions as well as the environment that defines their alternatives.

Strategic Marketing Planning — The formulation, integration, implementation, and control of long- and short-range planning is covered, along with methods for translating organizational mission strategies into the global marketing plan. Participants include marketing managers, as well as planning, sales, product managers, market researchers and others associated with the development of organizational strategic marketing plans.

Finance for the Non-Financial Manager — Managers who have excellent "people" skills still need to enhance their "financial" skills to be well-rounded and effective leaders. This program is designed to meet the needs of managers of non-financial areas who do not have formal training in the uses and reporting of financial information.

Korean Executives Study in Ann Arbor

The SsangYong Business Group, headquartered in Seoul, Korea, approached our Executive Education to develop and present programs in finance and marketing for their senior management.

The program in marketing began in Spring 1993, with general managers who had served as department heads for at least three years. Out of 600 general managers in the company, about 70 meet the qualifications to attend this course, which is taught in Ann Arbor to approximately 20 participants at a time. The course covers such subjects as the marketing strategy process, market segmentation, multinational marketing, and buyer behavior.

The second program is entitled "International Finance." Participants are chosen from managing directors and executive directors of the company. The program considers such topics as international investment decisions — strategy and tactics; international financial management; financing sources, and financial innovations.

Commented Harry Kwanhi Lie, Co-Chairman and CEO, MDI-SsangYong Business Group, "In today's economic environment, in which the production elements, i.e., capital and technologies, are freely movable, SsangYong is aggressively investing in industrial education and training, in the belief that human resources of high quality, whose movement is relatively difficult, are the quintessential sources of power for both enterprise and the nation."



◀ Pictured are members of the Industrial Training Study Mission, which visited the School during SsangYong's first joint program with Michigan. Shown fourth from left in the front row is Harry Kwanhi Lie, Co-Chairman & CEO, Manpower Development Institute - SsangYong Business Group, who first proposed the joint project to Executive Education.

Gregory Fox

EXPERTISE AND

In early April, senior managers from the Enterprise Partners of the Davidson Institute visited the Business School for a series of meetings designed to establish relationships with the internship teams, provide a general orientation to the internship and instructional programs, and discuss the focus of the operations analysis the internship teams were to do on-site during the summer. Pictured here are two of the teams discussing the summer projects.

Davidson Institute Launches New Partnership Program and Appoints a Director

A new partnership program was initiated by the Davidson Institute this year. Eight Enterprise Partners from transitional economies located in China, Poland, Hungary, Russia and the Czech Republic, worked with student teams from Michigan who traveled to their countries in the summer and helped develop operational analyses of the various companies.



Gregory Fox

Professor Edward A. Snyder

Later in the summer, managers from the Enterprise Partners' companies traveled to Ann Arbor to take part in an intensive executive development program at the Business School. The operational analyses developed on their companies was used as part of the instructional program, which also included components on finance, marketing, and executive skills development.

Four Western Partners, three of whom have a business relationship with one of the Enterprise Partners, are also involved in the program. The Western Partners include AT&T, Ahlstrom Pyropower, Allied Signal, and Cummins Engine.



Gregory Fox

Each Enterprise Partner will be involved with the Davidson Institute for at least three years, which will allow the Institute time to assess the program's impact, collect data to support its research on transitional economies, and offer the executive development program to a significant number of the firms' managers.

The Davidson Institute has also announced the appointment of Edward A. Snyder, associate professor of business economics, as its director. In appointing Snyder to the three-year post, Dean B. Joseph White said Snyder had served as interim director with distinction, helping to create international development opportunities for students and faculty.

Speakers at Mitsui Symposium in Tokyo Address the Topic of Corporate Governance

A broad range of perspectives on the current state of corporate governance was presented at the second Mitsui Life Financial Research Center Symposium on Global Financial Markets in Tokyo on May 11.

OUTREACH



Gregory Fox

The symposium, which addressed the topic "Corporate Governance and Organization in Japan and the United States," was attended by an audience of over 600 prominent business leaders, regulators, and academics, as well as supporters and alumni of the Michigan Business School.

After brief opening remarks by B. Joseph White, Dean of the Business School, and President Koshiro Sakata of Mitsui Mutual Life Insurance Company, Joichi Aoi, the Chairman of Toshiba Corporation, presented what was arguably the broadest perspective in describing the ongoing transformation of corporate orientation from a mass production and mass consumption industrialized society to an information-oriented society. Other speakers included University of Chicago Professor and Nobel Laureate Merton Miller; C. K. Prahalad, the Harvey C. Fruehauf professor of corporate strategy and international business at the U-M Business School; and Professor Moriaki Tsuchiya of Tokyo University. The symposium was followed by a lavish buffet dinner for all attendees and participants.

Corporate Environmental Management Program Begins

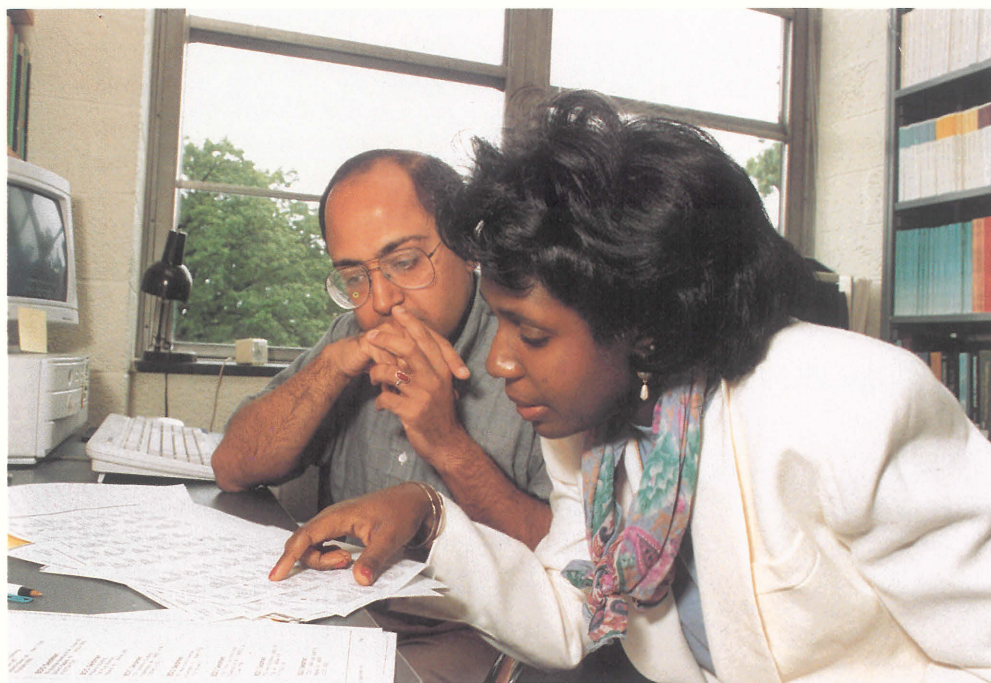
A new joint program in Corporate Environmental Management has been established by the Business School and the School of Natural Resources and Environment. The program will enable business students to become better informed about environmental issues; and natural resources students to achieve greater understanding of the business world.

Themes of the program include the idea that the Chief Executive Officer or CEO of today must also be the "Chief Environmental Officer." Characteristics of this new "CEO" are based on the ideas that traditional management skills are necessary but not enough; environmental problems are "different," and the differences often matter decisively; and traditional environmental institutions are in fact businesses, and those responsible for them are faced with most of the same organizational and financial challenges that confront any business.



Peter Ross

A leadership gift from Jo Ann, BS Ed '62, and Stuart Nathan, BBA '62, made the Nathan Lecture Series possible and gave important impetus to our new Corporate Environmental Management Program. The Nathan Lecture series is designed to build bridges between business and environmental groups.



Gregory Fox

Lynn Perry, doctoral student in corporate strategy, confers with one of her faculty advisors, Sumit K. Majumdar, assistant professor of corporate strategy. Lynn was the second place winner of an international essay contest sponsored by McKinsey & Company. Her paper was entitled "Mobilizing Energies in Corporate America through the Management of Diversity."

RESEARCH

Scholarship is at the core of our enterprise. It enriches our teaching by drawing on original thinking and data. It also generates the leading-edge thinking that will help to forge solutions to the problems currently faced by society. Following are four research "profiles," representative examples of the ground-breaking scholarship for which Michigan faculty members are noted.

"As We Crank Up the Microscope, New Insights are Emerging"

Much of the research done by Charles M. C. Lee, the Sanford R. Robertson Assistant Professor of Accounting, has been motivated by his curiosity about the limits of human cognition and the subsequent effect on investors and capital markets. According to Professor Lee, "The growing availability of micro-level data is allowing market researchers to peer into a new world of individual trades and quotes. As we crank up the microscope, many fresh insights are emerging about

market participants: how they respond to information, submit orders, engage in trades, affect market makers, and determine prices." Through his research, Professor Lee has determined that individual investors tend to react more slowly to news, often misinterpret new information, and are vulnerable to marketing ploys. He has found that some markets are profoundly affected by aggregated individual error while others tend to overcome such errors. One of his earliest works, "Investor Sentiment and the Closed-end Fund Puzzle," co-authored with Andrei Shleifer and Richard Thaler and published in the *Journal of Finance* in 1991, has generated lively debate both in academia and in the media and has spawned more than 20 follow-up studies. A more recent study, "Market Integration and Price Execution for NYSE-listed Securities," published in the *Journal of Finance* in 1993, uncovered significant differences in stock prices at different regional exchanges. This study was widely publicized and has led to key policy changes at the Securities and Exchange Commission.



The High Costs of Tax Compliance

Since its founding in 1987, the Office of Tax Policy Research has worked to encourage nonpartisan and interdisciplinary research concerning the tax system and its economic impact. It also serves as a forum for the exchange of ideas among academics, policy makers, and the business community. Joel Slemrod, the Jack D. Sparks-Whirlpool Corporation Research Professor in Business Administration, who is also Director of the Office, has devoted much of his own research this past year to studying the effects of taxation on multinational corporations and individual consumers. In a major study entitled "The Income Tax Compliance Cost of Big Business," he and co-author Marsha Blumenthal surveyed America's 1,300 largest companies and found that each firm averaged \$1.57 million in tax compliance costs. When asked what single change would be most effective in reducing those costs, many respondents suggested greater uniformity between state and federal corporate tax codes. Turning his attention to individual taxpayers, Professor Slemrod conducted studies on the effect of increased taxes on high-income individuals ("More tax revenue would be generated, but less than predicted by the administration") and the fate of the tax savings generated by a change in the withholding tables ("Nearly half of the taxpayers surveyed planned to spend the additional income; less than presumed by the Bush administration but more than economic theory would suggest.")

Should Bank Directors Fear Recent Reforms in Legislation?

Cindy A. Schipani, associate professor of business law, has looked at the question of whether bank directors should fear recent reforms in federal banking legislation. Her recent article in *The Journal of Corporation Law* (739-783) provides an answer to that question; a question which has been generating understandable anxiety among the board members of banks. The issue involves changes in bank laws at the federal level in the wake of the S&L crisis. In her article, Professor Schipani focuses on the Financial Institutions Reform, Recovery and Enforcement Act

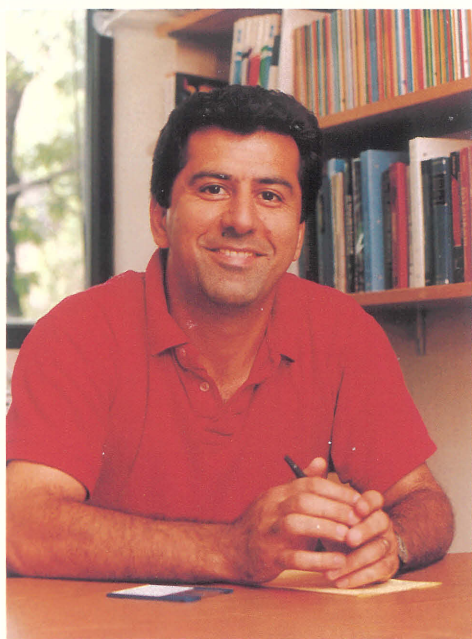


Cindy Schipani, associate professor of business law.

(FIRREA) passed by Congress to override the many state regulations which typically exonerate directors from monetary liability. Under the terms of FIRREA, the FDIC may hold bank officials liable for acts of gross negligence and then may search out state laws which permit them to bring suit for acts of simple negligence. Professor Schipani argues that the FIRREA is in some ways a paper tiger, because most state laws permitting these simple negligence suits also limit director monetary liability for these actions. Presently on sabbatical in the Netherlands, Professor Schipani is studying the two-tier structure of European boards of directors and possible implications for American businesses.

How Effective are "Chinese Walls" in the Security Industry?

"Applied work" is how Nejat Seyhun, professor of finance, describes his research on insider trading. Before entering into projects, he makes it a point to evaluate topics according to their potential interest to practitioners and their usefulness to his MBA students. In a recent paper entitled "How Effective Are Chinese Walls in the Security Industry?" he analyzes the effectiveness of regulations intended to keep all security firm functions separated. Preliminary findings suggest that, regulations notwithstanding, there is considerable information leakage from investment advisory activity to market-making functions. Another area of interest to Professor Seyhun is taxes and their impact on investment. In a soon-to-be-published paper focusing on the effect of



Gregory Fox

Nejat Seyhun, professor of finance.

taxes on investors' stock market realizations, he and colleague Douglas Skinner argue that very few individuals appear to be exploiting the tax code by trading securities to reduce taxable income. As might be expected, Professor Seyhun's research has attracted the attention of public policy makers as well as investment banking firms, and his work has been cited by *Business Week*, *The Wall Street Journal*, and *The Los Angeles Times*.

Powerful New Network Leverages Computer Resources

Every computer and printer used by faculty, staff and students at the Business School is now linked on an integrated platform accessible to everyone.

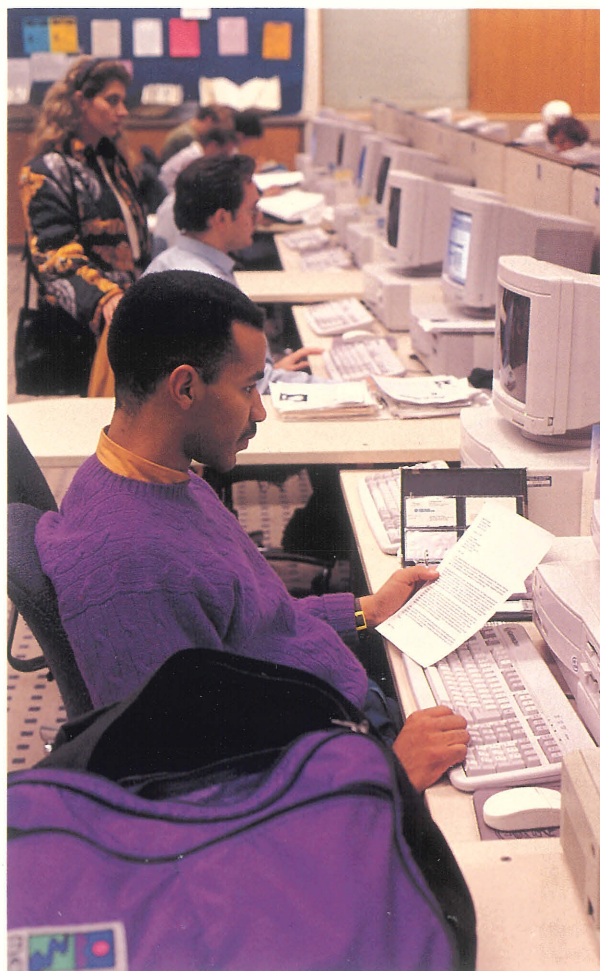
Via the network, users can use a wide selection of software programs, connect to research computers and CD-ROM databases, and print to any of a number of high-quality laser printers. In addition, users can connect to other computers to search library catalogs, locate research data, and interact with remote systems.

Computer networking is a key to collaboration between researchers, which is of growing importance. "The network has allowed for a ten-fold increase in the speed at which files can be exchanged between users," says Beth Walker,

manager of computing services. "That, along with the enhanced electronic mail features we've introduced, will encourage the collaborative work of our faculty, who are now able to quickly share computer files with colleagues around the world."

The School will recoup its investment of time, money and energy through enhanced usefulness of all of its existing computer systems, according to Dr. Elaine Didier, director of information resources. "By building the network we've essentially increased the value of all of our investments in information resources by making everything more accessible and easier to use."

Easier access to information and hardware, says Didier, will have a genuine and lasting influence on work done by the School's faculty, researchers and students. "We are already seeing that the increased ease of computing leads to greater use of the available resources, which leads to higher levels of learning and increased ability to do successful research."



Gregory Fox





Gregory Fox

▲ *The festivities at the January 7 celebration marking the automation of the Kresge Business Administration Library included a ceremonial dumping of cards from the no-longer-needed card catalog. Officiating at the recycling bin are (left to right) Dean B. Joseph White; U-M Provost Gilbert R. Whitaker, Jr.; Elaine Didier, Director of Information Resources; and Thomas C. Kinnear, the D. Maynard Phelps Professor of Business Administration.*

Kresge Library Goes Online with MENTOR

During an intense four-day period in January, the Kresge Business Administration Library eliminated its card and microfiche catalogs (until then the only methods of locating Kresge Library holdings) and dedicated its new online catalog, MENTOR (Michigan Electronic Network to Online Resources).

The changeover involved sixty-five permanent and temporary staff and volunteers, who applied 77,167 barcodes to books in the circulating collection. To fuel their efforts, they consumed 22 pizzas, 192 bagels and donuts, 288 cookies, and 2,304 ounces of soda pop. MENTOR provides call number and bibliographic information on books, periodicals, working papers and dissertations available in the library's extensive collection.

MENTOR joins the University Library's MIRLYN system and the Law Library's LEXCALIBUR in providing users with electronic access to most campus library resources. It can be used from any terminal on or off campus that has access to UMnet, and is searchable on such national and state networks as the Internet and Michnet.

Below we list a few of the research awards that have been received by Business School faculty members this year:

■ **Richard P. Bagozzi**, professor of marketing, has been given the Fellow in Consumer Behavior Award, which recognizes "fundamental contributions to consumer research." This lifetime award is the highest honor given by the Association for Consumer Research, an international organization of 1,500 scholars and practitioners.

■ **Paul Seguin**, assistant professor of finance, received the 1993 Richard L. Rosenthal Award, given to recognize young innovators in the fields of investment management and corporate finance. Seguin's research focuses on the causes and consequences of financial asset liability.

■ **John E. Jackson**, professor of business economics and public policy, is the recipient of a 1993-94 Fulbright Research Fellowship to spend four months at Jagiellonian University in Krakow, Poland to study the entrepreneurial climate, new business formation, and the economic transition in Poland.

■ **C. K. Prabalah**, the Harvey C. Fruehauf Professor of Business Administration and professor of corporate strategy and international business, has received the 1993 Best Paper Prize from the Strategic Management Journal for his article (co-authored with Richard A. Bettis), entitled "The Dominant Logic: A New Linkage Between Diversity and Performance." The award, sponsored by the Strategic Management Society and John Wiley & Sons, recognizes outstanding contributions to the development of the strategic management field. This is the first year the award has been given. On the premise that it takes at least five years to see the impact of a particular paper, the Journal chose the paper from those published between 1983-88. The winning article was published in 1986.



Gregory Fox

Professor Dufey meets with members of the student team (David Izard, Jose Quiroga, and Robert Willoughby; Brian McCann not pictured) that is studying capital market development and regulation in Argentina. They are discussing issues to be covered in the field work portion of the research project which was carried out this summer in Buenos Aires.

INTERNATIONAL

MBA Students Study Emerging Capital Markets in Argentina

An Argentine Capital Markets consulting project was initiated under the supervision of Gunter Dufey, professor of international business and finance. The project was requested by Dario Epstein, an Argentine student who graduated from the Business School with his MBA in 1991, joined Booz-Allen after graduation, and was seconded as Commissioner to the Argentine SEC, Comición Nacional de Valores.

As a special research seminar, four MBA students studied issues involved in the development and regulation of capital markets, using Argentina as a specific illustration. Coursework began with individual preparation and was followed by fieldwork in Argentina, which

included reviewing market operations, and interviewing investors, brokers, and regulatory authorities. Expenses incurred in travel by the students to Argentina were covered by the Comición Nacional de Valores.

Following the fieldwork, the students prepared a report that included an analysis of the current state of capital market development in Argentina and offered specific proposals on opportunities for capital market promotion and regulatory enhancements.

Conference Considers Selling American Goods in Japan

The challenges and rewards of trying to sell American goods and services in Japan was the topic of the Fourth Annual Japan Conference,

presented by the International Business Club at the Business School and entitled "Selling Apple Pie in Japan." The consensus that emerged from the two-day symposium was that despite widespread public perceptions, success in the Japanese market is both possible and profitable. But it takes hard work and commitment.

Not everyone at the conference thought that access to Japanese markets was available. One executive characterized the market for his company's product as a "vertical playing field."

Breakout sessions available at the conference included "Managing the Work Force in Japan;" "The Japanese Public Sector: Working Within the System;" and "In the Trenches: Attempts at Success."

In addition, three different case studies were presented. Case 1, entitled "Unique Business" came from Microsoft; Case 2, entitled "Joint Venture," was presented by Honeywell; and Case 3, "Traditional Business" was presented by Guardian Industries. A question-and-answer period followed the case presentations.

"Selling Apple Pie in Japan" was the theme of a conference on selling American goods in Japan sponsored by the International Business Club. ▼



Pictured in Warsaw are some of the people who worked together in Poland as part of a special summer internship program. Standing, left to right, they are Robert L. Fregolle, Jr., BBA '79, national sales manager of Procter & Gamble Poland, who coordinated the program; Anna Tutak and Pawel Krzysztofik of the Warsaw School of Economics, and Michigan MBA students Tom Elliott and Regine Guerrier (seated).

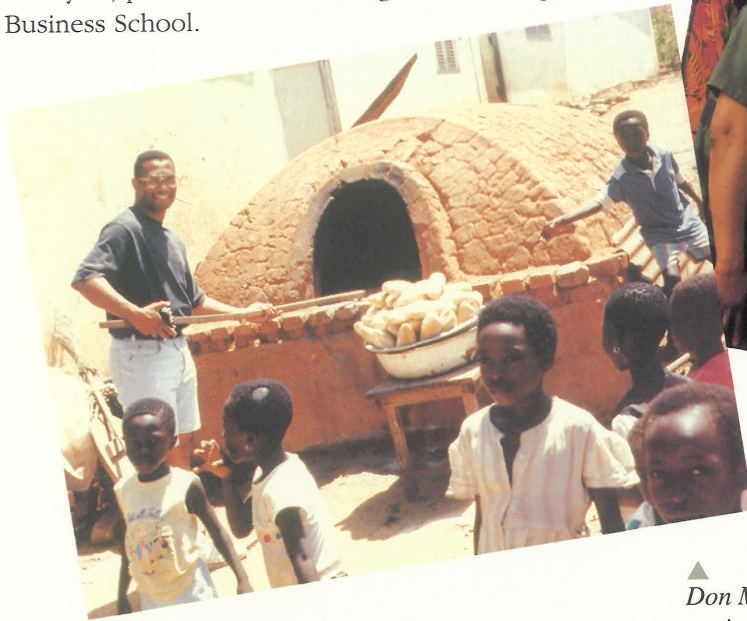
MBAs and P&G in Poland

Students and faculty from the University of Michigan and the Warsaw School of Economics (SGH) worked together this summer as members of a special summer internship program co-sponsored by Procter & Gamble, SGH, and the Michigan Business School. The local coordinator of the program was Robert L. Fregolle, Jr., BBA '79, national sales manager of Procter & Gamble Poland.

The three-month program was designed to have talented students help P&G solve practical business problems related to marketing and sales. The students were able to see first-hand how a



successful multinational firm operates in an emerging economy. Faculty advisers to the program were Professor Ryszard Rapacki, head of the department of economics at SGH, and James R. Taylor, professor of marketing at the Michigan Business School.

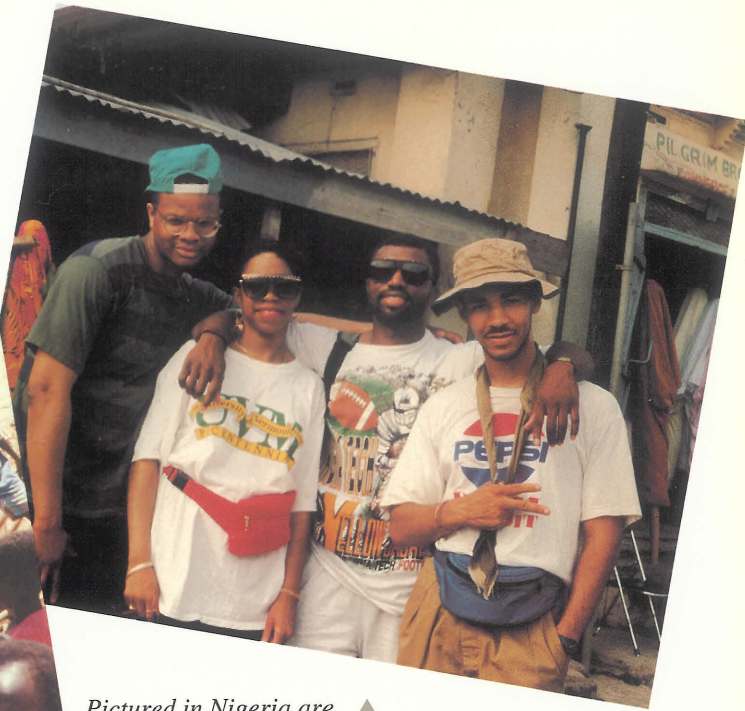


Pilot Project Initiates MBA Corps: Africa

A group of Michigan MBA students have put together a project that aims to send MBA students to African countries that are presently grappling with the privatization of their industries and the diversification of their resource base. The project is modeled after the Michigan MBA Corps which started in 1991 with MBA students going to Poland to help in its transition to capitalism.

During the summer, several MBA students traveled to Africa where they participated in internships co-sponsored by General Motors (Nigeria), NCR (Ghana), and Superloaf Bakery (Nigeria). While there, they made contact with companies that might be interested in sponsoring internship opportunities for Michigan students in Africa.

The purpose of the proposed Africa Corps is to assist companies who are interested in expanding into Africa; to provide consulting services to local companies; to give students an opportunity to gain useful international experience early in their careers; and to initiate long-term relationships between the Michigan Business School and the emerging economies of Africa.



Pictured in Nigeria are members of the MBA Corps: Africa project (left to right) Ugo Ikemba, Nicki Greyer, Gerald McAdoo and Mark Brown.

Don Mitchell, a member of the MBA Corps: Africa pilot project team, is pictured in a village in Ghana next to a traditional oven used to bake bread.

Citibank & the Business School Offer Internships for Faculty

"We tend to think that what works in the U.S. will work in Europe," says Rajeev Batra, associate professor of marketing, "But one thing I learned during my summer internship with Citibank is that that isn't necessarily so. Conditions in Europe are different, consumers are different, competition is different and regulations are different. So the same marketing mix may not work."

Batra's summer internship was part of a program initiated by Citicorp/Citibank and the Michigan Business School to advance the professional development of faculty members, while at the same time contributing to the business needs of an overseas office of a globally-oriented corporation. The program fits well with the Business School's goals of expanding its worldwide presence while offering faculty members a chance to combine academic research with "real world" experience.

Anecdotes from the Citibank internship have found their way into Batra's course on advertising management. "When I talk about how managers should evaluate the effectiveness of advertising, my Citibank experience enters in, and I plan to incorporate a module on global advertising, based on my summer internship, into the course as well."

Professor Batra was the third Citibank summer intern and the first marketing professor to participate in the program. Previous summer internships went to Bernard Yeung, associate professor of international business, who worked at Citibank Hong Kong in the summer of 1989; and Professor of Accounting Eugene Imhoff, whose major internship project was to develop a comprehensive explanation of asset securitization that could be used by Citibank internally.

Handbook Describes How to Make a Business Curriculum International

A workshop on teaching and curriculum issues associated with internationalism and multiculturalism in the curricula of business schools was sponsored at the Michigan Business School by the Center for International Business Education (CIBE).

Now the CIBE has published a booklet based on the workshop. It includes a section on the content of each workshop session, and many of the teaching materials that were presented and discussed.

Since participants included business school faculty from four historically black universities, the booklet includes a section focusing on sessions of particular interest to historically black colleges and universities, and a section with widespread applicability to business schools of all types, sizes and resource endowments.

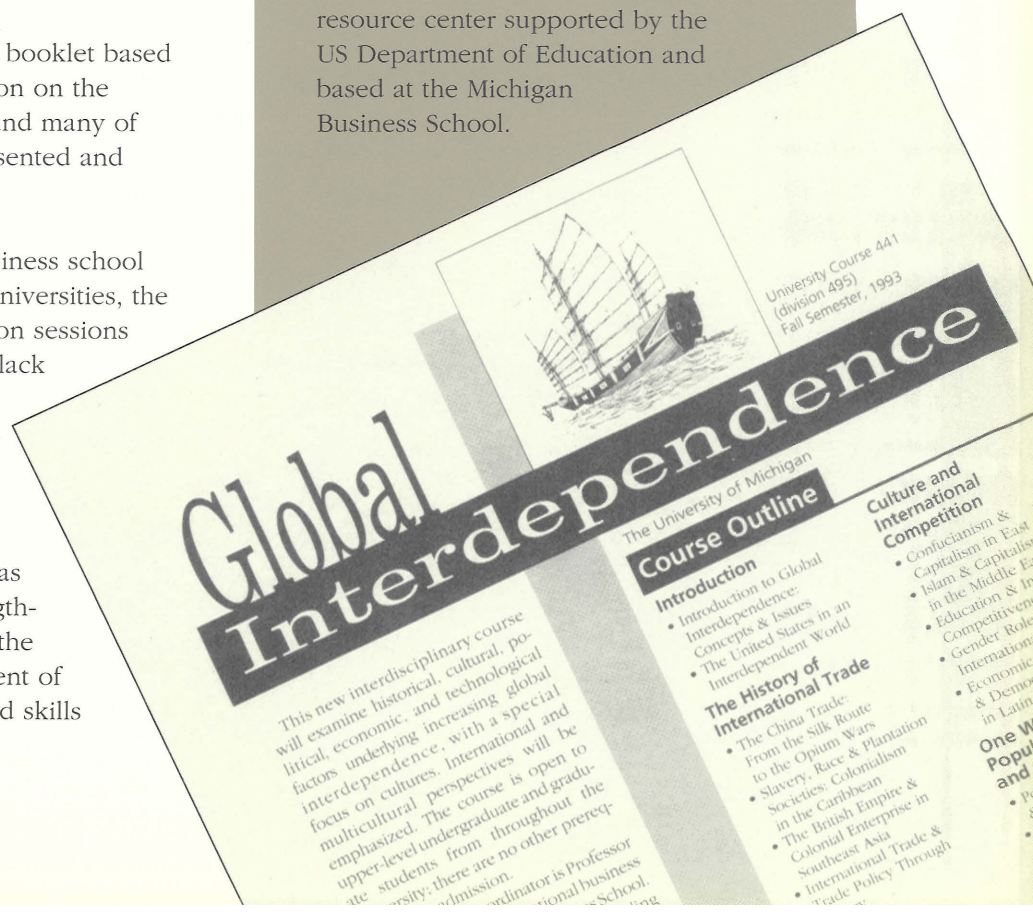
The CIBE's mission is to serve as a resource center dedicated to strengthening the global competitiveness of the United States through the development of international business knowledge and skills among the American people.

Interdisciplinary Course Offered on Global Interdependence

More than 17 different guest lecturers from all over the University are teaching upper-level undergraduates and graduate students the dimensions of global interdependence in a new interdisciplinary course.

The course is sponsored by the Center for International Business Education (CIBE), and includes sections on the history of international trade, international economic relations; culture and international competition; and population, health and the environment. There is also a section on managing global interdependence, including information on follow-up courses and career options. The course coordinator is Professor Linda Lim of the international business group in the Michigan Business School.

The Center for International Business Education is a national resource center supported by the US Department of Education and based at the Michigan Business School.



ALUMNI



Gail Lutey, MBA '80, director, human resources, Complete Business Solutions, Inc., and Diana Mercer-Pryor, BBA '72, general purchasing agent for Chrysler, were on the panel at the first annual forum for women in business.

Panel on Mentoring Begins Women's Forum

A panel discussion about mentoring was the centerpiece of the first annual forum on issues of interest to women in business.

The topic was suggested by a new program sponsored by the Michigan Business Women's club, in which alumnae are matched with Business School students in a mentoring relationship.

Three Business School alumnae mentors — Gail Lutey, MBA '80; Diana Mercer-Pryor, BBA '72; and Julie Rosen, MBA '86 — participated in the panel. They are employed in southeastern Michigan and work in areas still inhabited largely by men: computer services and auto manufacturing.

After the panel, attendees were offered four different break-out sessions: Work and Family;

Non-Linear Career Paths; Managing Power and Influence; and Discrimination and Harassment. Gerri Larkin, manager for emerging businesses at Deloitte and Touche, who spoke on non-linear career paths, gave a compelling presentation that captured the audience's rapt attention. One student commented that the presentation allowed her to gain valuable insight into alternatives to corporate careers.

"Mentoring is truly a timely subject," said Alice Greko, MBA '76. "We at a GM manufacturing plant are trying to get a mentoring project going. It helped to hear so many perspectives and reactions." She herself is serving as a mentor to a Michigan Business student.

New European Alumni Club Meets in Paris

Over 85 alumni attended the first meeting of the newly organized European alumni club in Paris June 12. The event was hosted by Daniel Atlan, head of management development for Usinor Sacilor, a French steel company, at its headquarters facilities in La Defense. The meeting featured three presentations followed by a buffet reception. Forty alumni and spouses then went on to a bistro for an informal dinner that continued into the wee hours of the morning.

The June 12 event was the result of a partnership between EMAC, Alumni Relations, and Executive Education. This group, along with others from the School, are already planning next year's meeting, scheduled for May in Copenhagen.

New Cleveland Club Hosts Four Events

The city of Cleveland has had an active University of Michigan alumni group for many years. However, four Business School alumni — John McCarty, MBA '82; Paul Campbell, MBA/JD, '54; Deanna Bremer, MBA '92; and Steve Georgi, MBA '92, formed the Business School Committee in August, 1992 because they believed it was important to institute programs of specific interest to Business School graduates and other U of M graduates engaged in business in the Cleveland area.

Since that first meeting, the Club has sponsored four events, starting in February with a reception featuring Dean B. Joseph White. In April, John Morley, MBA '58, president and CEO of Reliance Electric Company, spoke about Reliance's leveraged buy-out and public offering. In July, Richard Pogue, JD '53, managing partner of Jones, Day, Reavis & Pogue and chairman of the Greater Cleveland Growth Association, spoke to alumni, summer interns, and prospective students about the city of Cleveland; and in October, Paul Brentlinger, MBA '51, general partner of Morgenthaler Ventures, discussed the venture capital process.

Windy City Grads Form Alumni Club

At the beginning of this year, a small but highly enthusiastic group of Michigan Business School graduates from several different graduating classes came together to form the Michigan Business School Club of Chicago (MBSCC). The Club held its membership kick-off event in April. More than 125 BBA and MBA graduates, from classes going all the way back to the class of '43, gathered in downtown Chicago to hear Dean B. Joseph White share his vision for making the Michigan Business School the world's best and to hear about the myriad changes going on in Ann Arbor in the undergraduate, graduate, and executive education programs.

Other Club events will include speakers on business topics ranging from entrepreneurship to estate planning. Recent events have included a trip to watch the White Sox take on the Detroit Tigers, an architectural boat cruise down the Chicago River, and football game get-togethers. Anyone interested in learning more about the club should contact President Mike Kahn (708-498-0606) or Program Chairperson Cindy Johnson (312-661-2539).



Peter Ross

Dean B. Joseph White is pictured speaking at the first meeting of the new Michigan Business School Club of Chicago. More than 125 alumni attended the kick-off event.

CONNECTION

The Work-Family Connection

A work-family task force has been initiated at the Business School to understand the problems encountered by faculty, staff, and students who must balance work and family responsibilities, and to do what it can to help resolve those problems. "We want to think imaginatively about how we can make this community as family friendly as possible," said Jane Dutton, professor of OBHRM and corporate strategy, who chairs the task force.

The group has put together and distributed an information packet describing what policies and materials within the University are currently available to support work-family issues. It also sponsored the

first-ever Business School family picnic, which was hugely successful, and is in the process of completing a survey of the Business School community to gather in-depth information about the work-family environment here. "We

Associate Professor Jane Dutton, who chairs the Work & Family Task Force at the Business School.

are focusing on 'small win' solutions," says Dutton, "in which we build on our successes. It's important to keep work-family issues on the agenda."



Gregory Fox

Items mentioned here can only give a flavor of the complex interrelationships which enhance our understanding and appreciation of the wider context in which we work. Our connections to the global community are discussed in the International section on page 24, and in the Executive Education section on page 14.

New Joint Initiative Links Business & Manufacturing

A dynamic new cooperative venture that aims to fill industry's need for individuals versed in the principles of both business and engineering has begun this year.

Dubbed the Michigan Joint Manufacturing Initiative (MJMI), the program is a joint venture between the Michigan Business School and the College of Engineering. It aims to educate tomorrow's manufacturing leaders; service the needs of the state, regional and national economy; and develop a body of knowledge for manufacturers of the future. This summer, the program sponsored internships in which students worked on cross-disciplinary manufacturing problems.

A strong class of 27 students entered the program in the fall. Five of the students already have their MS degrees in engineering and two more hold Ph.D.s in engineering and science. Students can enroll in the MBA program with a concentration in manufacturing; the MBA program with a concentration in manufacturing and an MS in engineering; a 12-month master's of engineering program in manufacturing engineering with a heavy dose of management-focused courses; or a five-year honors program leading to a BA and ME in engineering.

Helping Small Firms Threatened with Foreign Competition

Comprehensive consulting help is provided to small-and medium-sized manufacturing firms in the Midwest by the Great Lakes Trade Adjustment



Gregory Fox

Marian Krzyzowski (center), beams as he receives a Certificate of Appreciation from the U.S. Department of Commerce for "outstanding accomplishment in enhancing the global competitiveness of U.S. manufacturing firms as Director of the Great Lakes Trade Adjustment Assistance Center (TAAC)." Sharing Krzyzowski's pleasure in the award are Dean B. Joseph White (left) and Larry Crockett (right), Director of the Business and Industrial Assistance Division (BIAD) of which TAAC is a part. Krzyzowski is now Associate Director of BIAD and Director of the Michigan Business Assistance Corps.

Assistance Center (TAAC), the largest unit within the Business and Industrial Assistance Division (BIAD) of the Business School. When a company meets U.S. Department of Commerce eligibility requirements, TAAC helps them design a 1-3 year plan of action based on a diagnostic analysis of every facet of the business, from manufacturing and production processes to financial management and marketing.

Other divisions within BIAD include the EDA University Center for Economic Diversification, the Minority Business Services, the Office for Research on Industrial Facilities, and the Flint-Genesee Recovery Project.

Focus:HOPE's co-founders Father William Cunningham (second from left) and Eleanor Josaitis (third from left) accept the 1993 Business Leadership Award presented to them by Brian Jones, (left) vice-president, and Joseph Kostolansky, (right) president, of the Student Council. Cunningham and Josaitis began Focus:HOPE in Detroit in 1967. It now employs over 450 staff members, and involves more than 41,000 volunteers.

Detroit's Focus:HOPE and the Business School

Part business, part charity, and part job-training organization, Focus:HOPE has become a potent influence toward building a just society in Detroit. This year, the joint recipients of the 1993 Business Leadership Award were Focus:HOPE's co-founders — Father William T. Cunningham, a charismatic Roman Catholic priest, and Eleanor M. Josaitis, a dynamic and articulate citizen. The two combined make a powerful team, replete with vision, moxie, persistence, intelligence, and hard-nosed practicality.

Over the years, Focus:HOPE has emphasized food, education and jobs in the city of Detroit, and has shown business leadership and imagination in developing programs that address those needs. Business School students now participate in Focus:HOPE, both as part of the Global Citizenship Orientation Program and as summer interns.

Joseph Petrosky, MBA '91, is Director of their new Center for Advanced Technologies (CAT), which offers a six-year program to train men and women to become engineer/technicians; able to build, operate, maintain, repair and modify advanced manufacturing equipment at world competitive levels. Trained as an engineer as well as a business administrator, Petrosky was one of the Michigan Business School's first MBA Corps interns in Poland, and he has brought his insights from Krakow to Detroit. "One of the things that attracted me to Focus:HOPE and the CAT was the opportunity to blend business and technical skills in the context of the community," says Petrosky.



Gregory Fox

The point



is the



people



MICHIGAN BUSINESS
SCHOOL CAMPAIGN

THE POINT IS

A Progress Report on the

We are now more than half way to our goal of \$100 million in our five-year Campaign for Michigan which began a year ago. Total gifts and pledges to the School as of June 30, 1993, totaled \$55 million.

"These five years are not about bricks and mortar," said Dean B. Joseph White in announcing our progress. "They're about investing in human capital and supporting in every way possible the individuals — students, faculty and staff — who represent the School's key human resources. That's why our campaign theme is 'The Point is the People.'"

Below you will find specifics about some of the individuals and programs that have benefited from the generous support of the people belonging to the Business School family — our corporate friends, our alumni, our students, and all of the others who are a part of our valued constituency.

■ **Students**

As the only public university among the country's leading business schools, Michigan believes it is both our responsibility and our privilege to provide students ready access to educational opportunity. With that vision in mind, we are determined to provide financial assistance to deserving students. A significant increase in our scholarship endowment will enable us to compete successfully for the best and brightest applicants.

The Point is the People — Support for Programs

An innovative class, entitled "Leadership, Vision, and Change," was offered this year for the first time with the help of a generous donation from Howard G. Haas, former CEO of Sealy Mattress. The course included cases in leadership written by MBA students during highly competitive summer internships, and focused on companies that offered provocative examples of leadership challenges. Pictured here are members of the MBA case-writing team, who met bi-weekly at a local breakfast site to share progress reports, discuss problems, and enjoy French toast. The course is the brainchild of Robert Quinn, professor of organizational behavior and human resource management.



THE PEOPLE

Business School Campaign

■ Faculty

Faculty are the heart of the Michigan Business School. But to retain our best faculty and develop their abilities to the fullest, the School must provide an infusion of resources. One of the ways to do this is to increase the number of endowed chairs we have available. This year, we have added five endowed chairs to the School. For more about these chairs, see page 12.

■ Programs in Research and Teaching

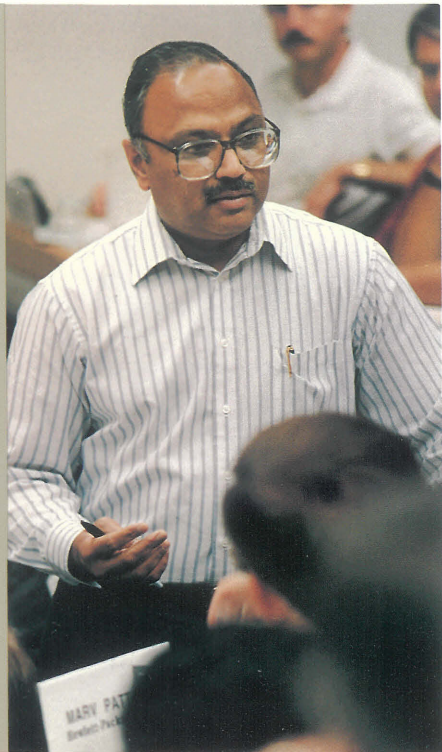
So many of the innovative programs that the Michigan Business School has been able to put in place have been supported partially by funds contributed to the School. Examples of programs that have been significantly supported by gifts are: many of our curriculum innovations, including the Multidisciplinary Action Projects (MAP), which sends students to analyze a business process in a real company with the guidance of an interdisciplinary faculty team; enhancements to our Ph.D. program; and a new seminar for BBA students who want to relate their own liberal arts interests to contemporary business issues.

■ The Annual Fund

Annual Fund dollars, because they are undesignated, allow the School to seize unexpected opportunities when they arise. In addition, they help support a broad range of essential, day-to-day operating needs, student and faculty development, and innovative educational programs that complement classroom instruction. Examples of programs supported in part by Annual Fund dollars are: Executive Skills Workshops for MBA students; support for the Global Citizenship Initiative; and international exchange of faculty and students.

The Point is the People — Support for Faculty

The holder of the new Harvey C. Fruehauf Professorship in Business Administration is C. K. Prahalad, an international authority on corporate strategy and senior management leadership; twice winner of the Harvard Business Review's McKinsey Award for outstanding articles; and a world-class teacher. (For more about Professor Prahalad, see page 12).



Philip T. Dattilo



Gregory Fox

The Point is the People — Support for Students

Winners of Ernst & Young Scholarships meet with Robert and Joan Emde, representing Ernst & Young. From left to right, they are Joan Emde, Laura Porterfield, Kelli Zemenick, Janice Gorney and Robert Emde, who is a partner with Ernst & Young in Detroit. Laura and Kelli are both students in our MAcc program, and Janice received her BBA in 1993 and is now working at Ernst & Young.



Business Administration
Assembly Hall

The Visiting Committee

The Visiting Committee for the School meets twice a year to consult with and give advice to the Dean about the overall program and plans for the School. Composed of distinguished corporate executives, it is an invaluable aid in assessing the School's standing and progress.

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Ford Automotive Group
Ford Motor Company

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President & CEO
Kelly Services, Inc.

Randolph J. Agley
Chairman
Talon Inc.

Don H. Barden
Chairman and President
Barden Communications, Inc.

Edmund M. Carpenter
Chairman and CEO
General Signal Corporation

William Davidson
Chairman, President and CEO
Guardian Industries Corporation

Bert A. Getz
President
Globe Corporation

Paul B. Gordon
Chairman
Gordon Foods Service

William K. Hall
President and CEO
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The Hallman Group

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Atlanta Life Insurance Company

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Professor of Psychology
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PPOM

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Regional Vice President
Bank of America

Roy S. Roberts
Manufacturing Manager
Flint Automotive Division
General Motors Corporation

Lawrence R. Rutkowski
*Vice President
& Studio Controller*
Walt Disney Studios

Barry Schuman
Senior Vice President-Human Resources
Tenneco Inc.

Chandler D. Simonds
Company Group Chairman
Johnson & Johnson, Inc.

Mark G. Solow
Senior Executive Vice President
Chemical Banking Corp.

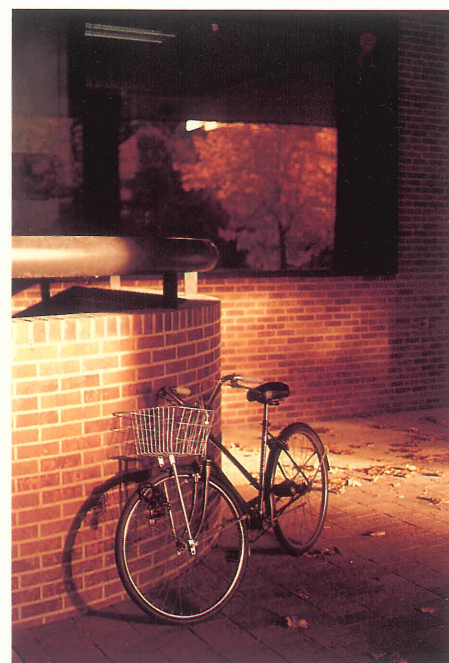
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Operations
Ford Motor Company

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Business Development*
Ameritech

Carlton A. Stockton
Vice President, Employee Relations
MCI Communications Corporation

Sharon Reed Walker
Vice President-Planning & Development
Soft Sheen Products

Gloria A. Zamora
Vice President-Human Resources
N. American Appliance Group
Whirlpool Corporation



Philip T. Darilo

School Operating Funds

SOURCES	1991-92	%	1992-93	%
University General Fund (a)				
Direct Allocation	\$24,520,100	44.6	\$25,001,700	43.6
Other Support (plant operations, computing, etc.)	3,345,000	6.1	2,726,100	4.7
Executive Education Programs	17,250,700	31.4	18,992,100	33.1
Research/Public Service Grants	2,710,400	4.9	3,640,100	6.3
Gifts and Bequests (Expendable)	3,178,600	5.8	3,179,700	5.5
Endowment Income to Operating Funds	1,360,500	2.4	1,520,900	2.7
Investment Income (Expendable)	1,534,500	2.8	1,599,200	2.8
Departmental Activities	1,083,800	2.0	748,600	1.3
Total Sources	\$54,983,600	100.0	\$57,408,400	100.0

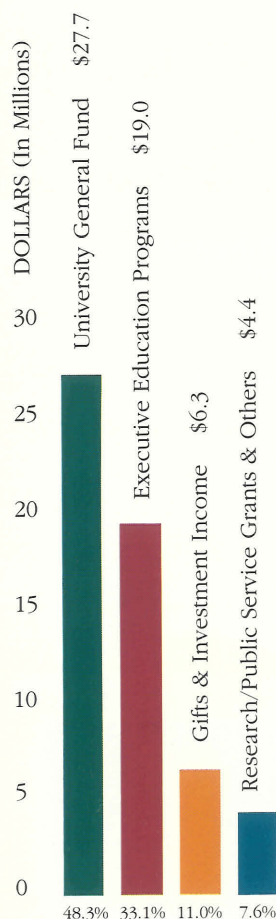
USES	1991-92	%	1992-93	%
Instructional Programs				
Faculty & Staff Compensation	\$15,722,900	28.6	\$16,108,600	28.0
Executive Education Programs	13,144,200	23.9	14,037,900	24.5
Research Activities	4,635,800	8.4	5,077,000	8.8
Public Service Activities	1,298,600	2.3	1,926,200	3.4
Academic Support				
Library	1,587,800	2.9	1,812,200	3.2
Computing Services	2,635,700	4.8	2,741,700	4.8
Faculty Support	857,900	1.6	891,000	1.6
Graduate Student Aid				
Ph.D. (including tuition grants)	2,240,600	4.1	2,195,400	3.8
MBA	2,809,500	5.1	3,117,600	5.4
Admissions/Student Services & Career Development	1,534,500	2.8	1,639,000	2.9
Alumni, Development & Communications	1,422,200	2.6	1,626,100	2.8
Other Operating Costs				
Facilities, including utilities	2,279,400	4.1	2,077,700	3.6
Miscellaneous Operations	1,259,900	2.3	1,317,100	2.3
Subtotal - Operations	51,429,000	93.5	54,567,500	95.1
Increase in Operating Fund Balances	3,554,600	6.5	2,840,900	4.9
Total Uses	\$54,983,600	100.0	\$57,408,400	100.0

Transfers to Non-Operating Funds	
To Endowment Funds	2,645,900
To Building/Equipment Funds	1,484,800
	1,609,100
	1,612,800

William Davidson Institute Operating Funds

Revenues	\$1,699,100
Expenditures	662,800
Increase in Fund Balance	\$1,036,300

(a) Tuition and fee revenues generated by Business School students and courses are estimated at \$25,600,000 in 1991-92; and \$27,500,000 in 1992-93.



1992-93 SUMMARY OF OPERATING SOURCES

SCHOOL FINANCIAL REPORT

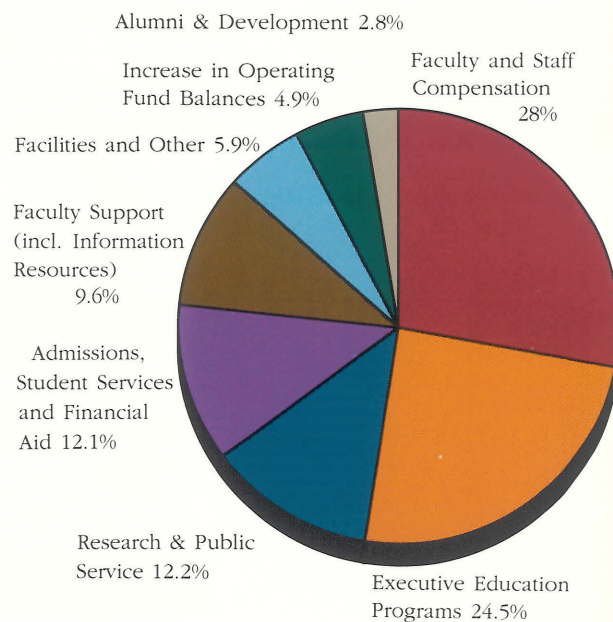
Endowment and Loan Funds

	Student Loan Funds	Funds Functioning as Endowment	Endowment	Totals
BEGINNING BALANCES, JULY 1, 1992	\$1,418,420	\$19,941,812	\$11,425,920	\$32,786,152
ADDITIONS				
Gifts and Bequests	5,100	998,189	2,805,456	3,808,745
Investment Income	69,647	1,277,534	786,997	2,134,178
Transfers from (to) other funds	-	1,538,728	70,419	1,609,147
Subtotal	74,747	3,814,451	3,662,872	7,552,070
DEDUCTIONS				
Transfers to expendable accounts	2,407	1,261,443	777,454	2,041,304
ENDING BALANCES, JUNE 30, 1993	\$1,490,760	\$22,494,820	\$14,311,338	\$38,296,918

NOTE: Estimated market value of Funds Functioning as Endowment at June 30, 1993. \$29,365,800
 Estimated market value of Endowment Funds at June 30, 1993. \$20,092,800
 Total estimated market value of endowment funds at June 30, 1993. \$49,458,600

Building and Equipment Funds

SOURCES	1991-92	1992-93
Gifts (Cash and In-kind)	\$436,000	\$159,000
Investment Income	407,500	320,700
Transfers from Operating Funds	1,484,800	1,612,800
Other Intrafund Transfers	477,900	-
Decrease in Fund Balances	-	3,274,500
Totals	\$2,806,200	\$5,367,000
USES	1991-92	1992-93
Retirement of long-term debt for Executive Residence	-	\$2,484,600
Construction and Minor Renovations	\$492,200	860,100
Equipment	894,300	2,022,300
Increase in fund balances for debt retirement and future projects	1,419,700	-
Totals	\$2,806,200	\$5,367,000



1992-93 SUMMARY OF
OPERATING USES



Gregory Fox

During the 1993 Student Pledge Campaign, Bill Martin, MBA '65, real estate entrepreneur, talked to students about what the Business School has meant to him, and why it's important to him as an alumnus that current students are giving to the School. He is pictured surrounded by BBA and MBA students who served as co-chairs of the 1993 Student Pledge Campaign, which resulted in pledges of over \$100,000 from the Business School's newest alumni.

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Rebecca McGowan, Ann Arbor
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