

annual report

MARRIOTT SCHOOL

1996 | 1997

FALL 1997

THE MARRIOTT

SCHOOL OF

MANAGEMENT

BRIGHAM YOUNG

UNIVERSITY

MARRIOTT SCHOOL OF MANAGEMENT

MISSION

Our mission is to attract and develop men and women of faith, character, and professional ability who will become outstanding managers and leaders throughout the world.



VALUES

We will be guided by:

- Principles of the restored gospel, including faith in the Lord Jesus Christ, love of God and family, obedience to the commandments, and compassionate service.
- A pioneering and entrepreneurial spirit, encompassing vision, innovation, determination, and hard work.
- An appreciation for diversity—in thought, ethnic and cultural backgrounds, experiences, and individual talents.
- A passion for excellence.
- A commitment to lifelong learning and continuous improvement.

1996-97 ANNUAL REPORT

Marriott School of Management

FALL 1997
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Cover Photograph
by John Snyder

J. W. Marriott, Jr.
*The key building block from the very early days was to
take good care of our employees, so they would take
good care of the customers, and the customers would
come back.*



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The Dean's Report

During my tenure as dean, the Marriott School has been involved in several efforts to consider its mission and strategic thrust. Early on, we developed a mission statement and reaffirmed our focus on international business, entrepreneurship, and ethics. We were next involved in a self-study in connection with AACSB reaccreditation for business and initial accreditation for accountancy. At about the same time, we underwent the BYU Graduate Council Review. A couple of years later, we began the mammoth self-study process across the entire university, which led to a significant restructuring for the Marriott School. Most recently, we have been involved in a strategic planning process with facilitators from the Ernst & Young Foundation. This has been the most extensive effort to date to involve representatives from all our stakeholder groups. Also during this same time frame, significant individual program changes have been made by the MAcc, MBA, EMBA, MOB, MPA, and undergraduate accounting and management programs.

You may ask why we subject ourselves to this seemingly continuous reevaluation. The answer, in brief, is that in a rapidly changing world, competition requires continuous improvement, not only in the operation of businesses, but also in management education. Our friends from Ernst & Young explain it this way:

"To succeed in today's dynamic, global, and fiercely competitive marketplace, organizations must have a clear focus on adding value to their customers and the ability to adapt and embrace continuous change."

I believe business schools are no exception. In addition, I believe in a special mission for BYU and the Marriott School. We must continually get better in order to achieve our destiny—helping to build the Kingdom of God on earth.

Participants in the recent strategic planning process worked tirelessly for months to crystalize our mission and values, and to extract the key strategies demanding our immediate attention. We have surveyed more than 2,000 alumni and business leaders; held focus groups with faculty, students, and staff; and spent many hours and much effort in discussions among the task forces and our constituencies.

The planning process has been dynamic and flexible, leading the committee to identify the highest priorities around which to build our most significant strategies. I am very pleased with the work that went into the process, but I am particularly enthusiastic about the resulting strategic plan. It is a plan that can be



used as we go forward in trying to make a very good Marriott School of Management even better. Let me share it with you.

Mission and Values

The mission statement and organizational values that sprang from the strategic planning process are depicted on the inside front cover of this annual report. Our mission as a school is to attract and develop men and women of faith, character, and professional ability who will become outstanding managers and leaders throughout the world.

The values we have identified as guiding principles in achieving our mission include the fundamental precepts of the restored gospel, an entrepreneurial spirit, an appreciation for diversity, a passion for excellence, and a commitment to lifelong learning and improvement.

Measures

As we work toward accomplishing our mission, we will measure success by:

- the satisfaction of our stakeholders,
- the placement of our graduates,

- the recognition received for our programs,
- the cost-effectiveness of our programs,
- the resources donated to the Marriott School, and
- the managerial leadership contributions made in professional responsibilities, community, and church service.

Strategies

While the planning process produced a long list of strategies that are important to our development, we chose the six highest-priority strategies to focus on in the near term:

- Focus on students as primary stakeholders, including effective advisement, mentoring, and placement of graduates.
- Develop faculty through planning, assessing, recognizing, and rewarding performance.
- Develop a competency-based, integrated core curriculum, including action learning projects.
- Collaborate effectively with external stakeholders to enhance faculty teaching and research and create a dynamic, market-focused education that prepares students for professional career opportunities.



- Implement continuous improvement processes.
- Increase Marriott School resources.

In addition, the 40-member planning team has developed an expanded strategic framework that can be used as a working draft to provide additional guidance and direction.

I hope you are as excited about these directions as we are. This series of strategic planning directions allows us to evaluate our day-to-day choices in light of what's most important. We are already seeing the benefits as we rally our Marriott School resources around the strategic plan. As we move forward, we will devote resources and energy to implement the key strategies and to develop assessment outcomes for measuring how well we are doing.

We are proud of the education we offer our students—an education that develops first-rate skills within a value-oriented learning environment. We are privileged to work with gifted, committed students; a rigorous and comprehensive curriculum that roots classroom theory in practice; and a well-qualified, dedicated faculty and staff who exercise extraordinary skill in bringing education to life.

The educational experience combines secular with spiritual learning and produces the brand of leaders so desperately needed in the world today. Our students are skilled leaders who value integrity, who measure success by an eternal yardstick, and who expend significant energy in the service of others.

In such a revolutionary time, where long-standing norms are no longer assured, we feel a sense of urgency to help construct the future. With businesses all over the world searching for new operating standards, we are preparing dynamic leaders of change who embrace business principles built upon integrity and high moral values. Leaders like these will make significant contributions in building the Kingdom of God upon the earth as they spread their influence among their families, professional organizations, churches, and communities.

Thank you for your continuing support of the Marriott School. Without your time, expertise, and financial contributions, we could never provide the kind of first-rate educational experience that we do. Partnering with you, we know we can accomplish greatness.

Gratefully,

K. Fred Skousen, Dean
Marriott School of Management

Marriott School Highlights

◆ Alan Ashton, nominee from the Center for Entrepreneurship, was named Entrepreneur of the Year by Beta Gamma Sigma and officially awarded the Entrepreneurship Medallion on September 19. Ashton was one of only three national recipients of the medallion for 1996.

◆ A new class, Business Management 102: The Mentor Class, began fall semester 1996. The class is designed to help participating students obtain a mentor early in their schooling and provide them the rare opportunity to enter into a professional relationship that can potentially help shape their career path.

◆ More than 200 participants attended the School of Accountancy and Information Systems' Third Annual Accounting Conference, September 19-20. The 1997 conference will be held October 16-17 in the Harmon Conference Center.

◆ Lowell Benson was given the Distinguished Alumni Award on October 10.

◆ Distinguished Student Awards were presented October 10 to Melissa Dow and David Koch.

◆ The Alumni Board held its semiannual meetings October 10-12 and February 27-March 1. Part of the gathering's purpose was for members to interact with students in mock interviews, career panel discussions, and mentor lunches.

◆ Lester M. Alberthal, Jr., chairman and CEO of Electronic Data Systems Corporation, was honored as the Marriott School's 1996 International Executive of the Year.

◆ BYU's undergraduate accounting team took first place and received a \$20,000 cash award in the fifth annual Arthur Andersen Tax Challenge, November 22-24, held at the Arthur Andersen Center for Professional Education in St. Charles, Illinois. The Graduate team came away with an honorable mention and a \$1,500 cash award.

◆ Career Services sponsored 45 Marriott School graduate students to the 1997 West Coast Consortium held in Irvine, California, January 6-8. More than 400 students and 52 companies participated this year in 1,670 total interviews. Next year's consortium is scheduled for January 7-9, again in Irvine, California.

◆ Career Services hosted the Second Annual Recruiter Ski Day, January 20-21. Approximately 25 companies and 150 students attended Ski Day in January 1997. Next year's Ski Day is slated for January 19 and 20.

◆ In addition to its numerous recruiting activities, Career Services has designed and implemented a job placement site linked to

the Marriott School home page as a resource for graduates and recruiters. You can find the site at CareerServices@byu.edu.

◆ Edward D. Thatcher, city manager of Greenville, Texas, was chosen as the Institute of Public Management's 1997 Administrator of the Year. Thatcher was honored at an awards banquet March 14 at the Provo Park Hotel.

◆ Leon W. "Pete" Harman, founder of Harman Management Corporation, was honored April 4 by the Marriott School of Management's Center for Entrepreneurship as its 1997 Entrepreneur of the Year.

◆ The Center for Entrepreneurship earned recognition this past year for its progressive program. It was named one of the top 25 business schools for entrepreneurship by *Success* magazine for the third consecutive year and was named

Outstanding Entrepreneurship Program in the State of Utah by *Utah Business* magazine.

◆ The Master of Organizational Behavior Program presented its First Annual William G. Dyer Distinguished Alumni Award on April

11, 1997, to Kimball Fisher. Fisher is cofounder and president of The Fisher Group, Inc., an external consulting group. A 1980 graduate of the BYU Master of Organizational Behavior Program, Fisher has worked with several companies

across North America, Europe, Asia, and Africa, implementing high-performance management practices. He is the author of the best-selling book, *Leading Self-Directed Work Teams: A Guide to Developing New Team Leadership Skills*.

◆ The BYU/U of U Center for International Business Education and Research (CIBER), along with the US Japan Center at Weber State University, participated in the Third Annual Asian Business Language Workshop, held June 19-21 at The Yarrow Hotel in Park City, Utah. The workshop is designed to enhance

teaching skills in Asian business languages and increase knowledge in the basics of international business. Invited to participate are university and college professors and instructors of Mandarin Chinese, Japanese, Korean, and Vietnamese who are interested in or are already offering business language courses.

Participating in the program were 23 Chinese, 27 Japanese, four Korean, and nine Vietnamese business instructors, totaling 63 registrants from 52 different institutions representing 22 states, Japan, Guam, Canada, and Vietnam. This is a significant increase in numbers from last year's workshop (35 attendees).

◆ The Third Annual Marriott School Management Conference was held June 19-21. Attendance surpassed expectations this year, and those who came were uplifted by a variety of inspiring presentations and workshops. Next year's management conference is scheduled for June 18-20, 1998. (See related story on page 25.)

Tour of

the Year

1996-97

Guests of the Marriott School

More than a hundred distinguished lecturers visited the Marriott School during the past year:

- ◆ Visiting the MPA Program were:
 - Tom Hardy, city manager of Bountiful, Utah
 - Olene Walker, lieutenant governor of Utah
- ◆ The MBA Lecture Series hosted more than 90 guest lecturers during 1996-97, including:
 - Lester M. Alberthal, Jr., chairman, president, and CEO of EDS, 1996 International Executive of the Year
 - Robert E. Greene, former executive vice president and chief credit officer at First Interstate Bankcorp
 - G. Dennis O'Brien, chairman and CEO of the Faneuil Group
 - Warren Jenson, senior vice president and CFO at NBC
 - Ian Stuart, president, Latin American Group, Black & Decker
 - Roger Sant, chairman and CEO of The AES Corp.
- ◆ The Center for Entrepreneurship hosted 26 guest lecturers during the year, including:
 - John M. Knab of the Phonex Corporation
 - Charles A. Coonradt of The Game of Work
 - Larry Ruff of Liberty Mint
 - James Loveland of Xactware

We appreciate all the alumni lecturers and guests who visit the Marriott School and offer their time and expertise to the students and faculty.

Faculty Highlights

- ◆ J. Owen Cherrington was honored as the Marriott School's 1997 Outstanding Faculty Member.
- ◆ Gloria E. Wheeler and Boyd C. Randall were the 1997 recipients of the Marriott School of Management Teaching Excellence Awards.
- ◆ Grant R. McQueen, associate professor in the Business Management Department, received the 1997 Marriott School of Management Research Award.
- ◆ Howard Barnes, who retired at the end of the 1996-97 school year, was the 1997 recipient of the Marriott School of Management Citizenship Award.
- ◆ Kate Kirkham was honored by the BYU Faculty Women's Association as its Faculty Woman of the Year.
- ◆ Steve Albrecht, SOAIS director, received the Karl G. Maeser Excellence in Research and Creative Arts Award at BYU's University Conference, held August 25, 1997. He was also named Professor of the Year by the Utah Association of CPAs.
- ◆ Gary McKinnon, MBA director, received the Western Marketing Educators Association Educator of the Year award on April 17, 1997.

◆ Fred G. Streuling of the SOAIS was elected to a two-year term as tax director for the UACPA.

- ◆ Steven M. Glover and Douglas Prawitt of the SOAIS were recipients of a Marriott School Alumni Board Teams Award for curriculum development.
- ◆ Stanley Fawcett, professor of international business and supply chain management received a BYU Young Scholar Award.
- ◆ Leon W. Woodfield of the SOAIS was named Accountant of the Year by Beta Gamma Sigma and Beta Alpha Psi.
- ◆ Steven R. Thorley, a professor in the Business Management Department, participated in a debate at the Ibbotson Investment Decision Conference, entitled "A Discussion on Time Diversification," with Keith C. Brown, University of Texas.
- ◆ J. Owen Cherrington was coordinator of the author team for *CPA Review*, a five-volume reference set with 1,350 pages.
- ◆ Marshall B. Romney coauthored the seventh edition of *Accounting Information Systems*, published by Addison Wesley.
- ◆ Lee H. Radebaugh coauthored the fourth edition of *International Accounting and Multinational Enterprises*, published by John Wiley & Sons.

◆ Professor Paul Godfrey's MBA 690 class requires students to use business strategy skills acquired at the Marriott School to provide community service. The class sponsored a benefit concert to collect funds for shoes Thursday, March 27, 1997. Most of the proceeds went toward funding shoes for the Food and Care Coalition of Utah. In addition to raising funds for shoes, MBA 690 assisted the coalition in writing an operations manual. To better understand the needs of the people assisted by the coalition, students in the class volunteer their time to the coalition once a week.

Awards, Grants, and Scholarships

- ◆ Ford Motor Company awarded a \$250,000 Extended Reach Scholarship to the MBA Program for use in recruiting and giving scholarships to minority students. The Marriott School will award three Extended Reach MBA Scholarships in 1997 and then six each year until 2001.
- ◆ Brian Collinwood and Matt Hanks, business majors in the Marriott School, were among 20 students from 16 colleges and universities nationwide to receive James S. Kemper Foundation Scholarships in March 1997. The two students receive full tuition, books, and living costs for three years, as well as three paid summer internships.
- ◆ The Council for Advancement and Support of Education recognized the campus chapter of the Management Society for its Mentor Program. CASE Awards for Excellence are presented for creativity, quality, and effective use of available resources in meeting institutional goals and objectives.

Executive MBA 1997

Foreign Business Excursions

The Executive MBA curriculum includes a two-week trip to either Europe or Asia that is known as the Foreign Business Excursion or FBE. An EMBA class normally consists of one section of approximately 60 students who are divided into two groups for the FBE experience. The EMBA class of 1997 was a little unusual in that it comprised two sections with approximately 60 students in each. The size of the 1997 class necessitated two separate trips to both Europe and Asia.

Four of the faculty who accompanied the excursions have written briefly about their experiences with the EMBA groups.

Central and Southern Europe

by Gil Bertelson, EMBA director

Burke Jackson was assigned as the faculty advisor, and I represented the EMBA administration for the group that traveled to Central and Southern Europe. This group consisted of 29 students and seven spouses. We departed Salt Lake City on 23 May en route to our first stop in Zurich, Switzerland.

A weekend arrival in beautiful Switzerland left us wondering why some would choose to go anywhere else. Lunch in Lucerne, dinner in Interlaken, and a day of sightseeing in the Alps after attending church in the Interlaken chapel led us to believe that this area was overlooked when the "lone and dreary world" was formed—this is paradise.

Two nights and a day in Zurich included visits to Schindler (a global elevator manufacturer) and Komax (a small but global wire-cutting equipment maker). We felt safer on elevators (if made by Schindler) and wondered why the Tanner Building has a different brand. Swiss precision and high skills were evident in both companies. Komax was voted by the group as the best investment opportunity.

On our way to Munich we stopped in Wolfurt/Vorarlberg, Austria, and visited Doppelmayr, a global ski lift manufacturer. This interesting factory with wonderful hospitality served a fantastic lunch and gave us Austrian wool yodeling hats, which made group identification much easier at airports.

Highlights in the Munich area included business visits to Veit Industries, a commercial ironing equipment maker, and BMW's

headquarters and museum; a tourist stop at Mad King Ludwig's Neuschwanstein castle; and a sobering visit to Dachau, a former Nazi concentration camp.

We traveled from Munich to Salzburg via Berchtesgaden in the Bavarian Alps. Our Austrian tour guide tried to destroy the legend of *The Sound of Music*, but our incessant humming of "Edelweiss" eventually wore him down.

En route to Prague, we stopped at Linz, Austria, for a visit to Voest Alpine, a steel company. Prague weekend highlights included the National Opera House, where we learned that operas are over when all the main characters are dead.

main characters are dead. "Doc" Martens seemed almost a turn-of-the-century factory, while Jaguar was an example of an exceptional facility that combined Ford's systems with Jaguar's style. Everyone in the group wanted one of the new XK-8s!

On the way to London we visited a Unilever ice cream factory in Gloucester, voted the best overall company visit. (The voting may have been influenced by the generous sampling of the product during the tour.) This is where we learned, during a discussion of bacteria, that while "it's one thing to disappoint your customer, it's quite another to kill him."

In London, the students gave presenta-



Lunch at Doppelmayr (complete with wool yodeling hats)

From Prague we flew to Milan, where we were greeted with warnings of Gypsy pick-pockets (whom we never saw) and the fantastic "Duomo" (a large domed cathedral). Business visits in Milan included MEMC, a silicon wafer manufacturer with a world-class factory and a company presentation that was rated the best of the trip; Pirelli Tires, voted best factory winner with its automated tire manufacturing process; and a quick stop at the Alfa Romeo museum.

We next flew to Birmingham, England, and spent two nights in Stratford-upon-Avon. While there, we visited Dr. Martens, of missionary shoe fame, and Jaguar. Many of us saw a modernized Hamlet performance, where we again learned that the play is over when all the

tions and spent some time sightseeing and attending the theater before returning to the United States.

Japan, China, Hong Kong, and Cambodia

by Grant McQueen, associate professor of finance

This spring, Howard Barnes, with help from EMBA Program Assistant Laurie Peterson, led a tour of 32 EMBA students, along with faculty members Phil Bryson and myself, on a two-week tour of businesses and sites in Japan, China, Hong Kong, and Cambodia.

The trip was, by any standard, an educational, social, and cultural success. Educational because of the interesting business tours and interactions with Asian managers and

diplomats. Social, because all of the tour members got along beautifully and enjoyed each others' company, as well as our conversations with Asian people from all walks of life. Cultural, because of our visits to fascinating historical sites and museums and our enjoyment of traditional dance and acrobatic shows.

There were many highlights, such as watching automobiles, seemingly built without hands, roll off an assembly line in Japan every 90 seconds; being nearly run over by a tidal wave of bicyclists in the Shanghai commute; watching thousands in Hong Kong protest the Tiananmen Square massacre just two weeks before the handover to China; and witnessing a troupe of young Cambodians with pride and professionalism perform the traditional dances of the Khmer people.

Since I can't report on all the highlights, I will give a few illustrations of the educational, social, and cultural insights I gained into what, in the grand scheme of life, really matters.



Angkor Wat near Siem Reap, Cambodia

Educational

In Shanghai we learned much about human nature, economics, and operations by contrasting the radically different observations at Shanghai Aviation and Polaroid Shanghai, Ltd. Through an offset agreement negotiated by the Chinese government, Shanghai Aviation is supposed to build 40 McDonnell Douglas airplanes. Shanghai Aviation is run by the government, uses conscripted workers, and is not responsible to shareholders.

The majority of the buildings we toured were empty, and the majority of the people we saw were not working. In the one building that did have some activity, a few people were reworking, again, a wing section with hand tools; a project that had consumed several months.

In contrast, Polaroid Shanghai, a joint venture with both U.S. and Asian stockholders, has a well-compensated workforce and an energetic factory. The manager (American) at Polaroid seemed to have a sincere appreciation for his workers and, at their request, had arranged for a modern medical and dental clinic at the factory. The workers responded with a loyalty that was reflected in their dress, smiles, and the volume and quality of output.

Many of us on the tour would love to buy a Polaroid camera made in Shanghai; however, I would rather take the proverbial slow boat than ever fly in a plane made by Shanghai Aviation. We all now appreciate the great potential for China as political and economic changes release and channel the energy, hard work, and entrepreneurial spirit of the people. Economic systems matter.

Social

Also in Shanghai, we had an informal "fireside"

with one of Professor Barnes' former Chinese students, who goes by the name of Charles. Charles told his story of growing up in China, including details about his internment for three years in a camp during the Cultural Revolution. His only crime, apparently, was that his father had owned a business.

In the name of communist progress, student thugs and neighborhood watch groups ransacked and looted Charles' home and beat and locked up family members. In the camp, Charles learned how to make shoes and focused any free time on educating himself.

After the revolution, through divine intervention and the kindness of strangers (including several BYU professors), Charles was able to move to Macau, join the LDS Church, and

attend BYU. After his MBA at BYU, Charles went to work as a business manager for NIKE in Shanghai (more shoes). Charles bore a strong testimony of the restored gospel. NIKE, BYU, and the LDS Church are all in good hands in Shanghai. Men and women of faith, character, and professional ability are sorely needed in the world. People matter.

Cultural

We visited many temples and palaces typically visited by tourists in Asia. Two visits in Cambodia, however, stand out for two very different reasons: the Tuol Sleng Genocide Museum in Phnom Penh, because it is a witness to the depths to which humanity can fall, and Angkor Wat in the jungle outside of Siem Reap, because it is a witness to heights to which we can rise.

Between 1975 and 1979, the Khmer Rouge, lead by Pol Pot, conducted one of the most brutal reigns of terror in modern history. Their first act was to push Mao's Cultural Revolution to its irrational limits by emptying every city, torturing and killing intellectuals, prior officials, and the wealthy (loosely defined) in an effort to cleanse the society and begin a new pure agricultural order. Well over a million people died on the collectivized farms, known as the Killing Fields.

The Genocide Museum does not house an exhibit in the traditional sense; rather, the building itself is the exhibit. The Tuol Sleng is the actual former school Pol Pot turned into a prison and torture chamber. We quietly walked into the cells and chambers and saw the instruments of terror. The last two rooms we visited housed some of the Khmer Rouge's own documentation—the most striking were the thousands of pictures taken of the victims.

As we left the museum we walked past a 20-foot-high map of Cambodia; the map was made from human skulls. As I witnessed this map, I thought of something our Cambodian guide had said when he recounted the death of family members and his own life under the Khmer Rouge: that two of the first institutions destroyed by the Khmer Rouge were the family and religion.

In stark contrast was Angkor Wat, one of the seven ancient wonders of the world. Angkor is an ancient city built by the Khmer people from the ninth to the 15th centuries. During this time the Khmer Empire ruled most of Southeast Asia. Each king built a new "Wat" or temple/palace compound, and over time a huge city was created. The city is gone, but all of the Wats remain in various states of decay. The Wat built by King Suryavarman II, called

Angkor Wat, however, was never abandoned (Buddhist monks took over from their Hindu predecessors) and is very well preserved.

Angkor Wat remains the world's largest religious building and is still in use. We were able to watch a small religious ceremony complete with live music, incense, and other offerings. Our group was impressed not only with the size of the complex but also with the quality of the craftsmanship and the artwork on huge murals depicting religious scenes.

The contrast between the Khmer Rouge prison and Khmer empire temples vividly renewed a deeply felt personal conviction. Religion matters. Family matters.

Howard Barnes

Howard Barnes was an outstanding tour guide. His seemingly endless knowledge of Asian history, politics, culture, and business was matched by the never-ending stream of his personal Asian friends and former students who showed up to greet, entertain, and educate us.

I will never know how Howard picked the only spring in more than 40 years when the political climate was stable enough to take students to Cambodia. (Only weeks after our trip, fighting broke out as Second Prime Minister Hun Sen ousted First Prime Minister Prince Norodom Ranariddh.) Howard's retirement is a great loss to BYU. It shouldn't surprise anyone to learn that Howard and his wife are currently in India, volunteering a year of their lives to work and teach in Tibetan refugee camps. Howard Barnes matters.

Central and Northern Europe

by Michael Swenson, associate professor of marketing

This spring MBA Director Gary McKinnon and I spent two weeks with 26 EMBA students and five spouses visiting businesses in Switzerland, Germany, Austria, Finland, Sweden, and England. This is the capstone learning experience for EMBA students.

Before the trip, students examined countries' strategies and analyzed the economic performance of those to be visited. Student groups also conducted company analyses on the companies to be visited. These activities provided fundamental background for the trip. Although we learned about a variety of topics, here is a summary of the highlights.

Quality

Much has been written about quality, and, indeed, we examine this topic at length in the EMBA curriculum. In Switzerland, we observed

the application of this concept firsthand. Sulzer Orthopedics Ltd., a manufacturer of hip, knee, and shoulder implants, bone cement, and dental implants, could be a textbook example of the quality concept. As we observed the production of hip joint systems, we developed a new appreciation for the terms quality, precision, and craftsmanship.

At Jaguar, we discovered highly skilled employees, painstakingly crafting wood panels for the automobile interiors. We also observed Ford's success in implementing quality improvements at the Browns Lane firm. We learned the delicate balance between producing desirable cars and getting the balance sheet right. One senior executive noted that "we have to retain the unique elements that make Jaguar such special cars, but we also have to make a profit."



Northern European group at an Austrian monument honoring Kaiser Franz Josef I

Competing in the Global Market

Our visits to companies in Austria and Germany helped us appreciate the challenges and approaches to competing in the global market.

Doppelmayr, a manufacturer of ski lifts, with installations around the world, spoke of entering new markets in Asia and growing established markets in Europe and the U.S. Philips, the Dutch electronics firm with operations in Vienna, noted the challenges of restructuring, speed to market (DVD, WebTV, etc.), competing in the sluggish European market, and the high cost of labor in Europe.

Employee Innovations

Ericsson, the Swedish telecommunications company, showed our group their unique concept for designing workplaces. In Stockholm, the company has 250 employees. The physical facility, however, has only 170

desks. The company's managers estimate that at any given time 80 employees are out of the office—traveling, working at home, etc. Interestingly, there are no assigned desks. Each employee has a trolley (mini-filing cabinet on wheels). Each morning, the employee picks up the trolley and then finds a desk for the day. Apparently, the turf and space battles that we might anticipate do not exist. All office phones are cellular phones, so the phone travels with the employee.

Other Highlights

The Swiss Alps at Interlaken; Germany's Neuschwanstein Castle; Salzburg, Austria; Schoenbrunn Castle and the Mozart Concert in Vienna; the overnight ferry from Helsinki, Finland, to Stockholm, Sweden; and London, England.

Japan, China, Vietnam, and Hong Kong

by Stanley Fawcett, professor of international business and supply chain management

A recent study of some 300 senior managers revealed that the single most important factor in career advancement is global experience. To this end, executive MBA students spend two exciting weeks on an overseas study trip. This year, I accompanied Pete Clarke's Asia group.

To get a head start, I left a week before the group with the plan that we would meet in Nagoya, Japan, the following Monday. My objective in arriving early was to visit Toyota City and Tokyo. Both were fascinating.

With a Japan Rail pass in hand, I had the opportunity to visit more than a third of the country in the week before the group arrived. This gave me an opportunity to get a better

feel for the country and the people. Japan is a country about the size of Montana, with some similar physical characteristics—that is, majestic mountains and a lot of land dedicated to agriculture. But while wheat is the primary crop in Montana, rice dominates Japan—if you are standing in a flat, open space, the odds are that you are standing in a rice paddy. The other main difference is that while Montana has a population of about one million people, Japan is quite crowded with more than 125 million people.

My experience proved that the Japanese are a most hospitable people, willing to go out of their way to help the lost and bewildered stranger. By the way, I found it very easy to get lost not only in Tokyo's main rail station but just about anywhere in any of the major cities. Thus, I had many an opportunity to need assistance.



Pete Clarke's Asia group at Tokai Shinei Electronics in Ena, Japan

My visit to Toyota revealed why Japan's best companies are formidable. First, Toyota's manufacturing facilities were by far the cleanest and quietest automobile assembly facilities I have ever seen. Second, not once did I see a Toyota worker standing idle; nor did I see any workstation shut down because of a production or engineering problem. The operation appeared flawless—a tribute both to Japanese *komakai*, or attention to detail, and to Toyota's motto: *Yoi Shina Yoi Kangae* (good thinking yields good products).

Taking the subway early Monday morning to join the group at the Nagoya Castle Hotel for a pair of company visits to Mitsubishi and Hitachi pointed out a truism of international travel—prepare for the unexpected.

I arrived early to make sure that I didn't miss the bus. After looking for the group for more than 30 minutes, I asked the front desk to

contact Pete for me. After resolving some communication problems, the manager informed me that the group was in Hawaii. Apparently, a flight was missed, forcing the group to layover on the beaches of Hawaii. Once the group arrived, we visited two companies: Tokai Shinei Electronics and Mitsubishi.

At Tokai Shinei, we witnessed once again the hospitality and formality of a Japanese host. We also learned how important keeping things clean can be. Mr. Tanaka had instituted a program of cleanliness where all employees, regardless of rank, get together to clean not only the company but the surrounding neighborhood. The camaraderie that developed led to greatly improved performance. The EMBA found Mitsubishi to be very impressive, but then again, they had never visited Toyota.

After a whirlwind one-day visit in Japan, we flew out of the new Osaka-Kansai airport—built on a man-made island—to Beijing, China. Our stay in China was a wonderful experience and allowed us to see some of the world's great historical sites—the Great Wall, the Forbidden City, the Ming Tombs, and Tiananmen Square. We also visited several companies, including Beijing Jeep and Motorola.

The visit to Jeep was an eye-opening experience for many and led most of the group to be even more impressed with Mitsubishi. Both the assembly process and the product were at least 10 years behind world-class status. At Motorola, the first wholly-owned foreign company in China, we learned how a company negotiates the tangled barriers of investment in China.

In addition to the company visits, we also met with a partner at McKensie Consulting

and some leading representatives from the Chinese consul. These meetings gave the group two different perspectives on what it is like to do business in China. Clearly, great things are happening in China, and outside investment will continue to flow in and have a dramatic impact on the evolution of life in the world's most populous country.

The journey continued to Ho Chi Minh City/Saigon, Vietnam. Once again, we found a vibrant investment community where change is occurring at a rapid pace. Our visit to Vietnam included stops at Mekong Motors (a visit that made Jeep look advanced), Unilever, and Nike.

The visit to Unilever provided great insight into the details of gaining market access to a densely populated, but poorly developed economy. The power of managing the details and enlisting an army of distributors to visit every local "Mom and Pop" store was made evident by Unilever's large market share.

The visit to Nike was interesting for the sheer scale of the operation. Most of the group had never before seen a single room filled with thousands of workers sitting at sewing machines. My visit to Nike was a little different from that of the rest of the group, since it was here that I became violently ill and therefore took a one-and-a-half-hour detour to the expatriate clinic back in Saigon.

The drive back was most memorable, since the bridge was out and we traveled in a torrential downpour. By the time we arrived, I was completely dehydrated and ready to be back in civilization. Unfortunately, my experience was not totally unique, as eight other members of the group became ill by the end of the day. I think most of the group was looking forward to moving on to the trip's final destination—Hong Kong.

Hong Kong is a fascinating city—perhaps the most modern and dynamic city in Asia. Our visit preceded by less than a month Hong Kong's return to China on July 1. Mixing the free-market capitalist economy of Hong Kong with the autocratic communist government in Beijing will prove interesting.

We did not have any company visits in Hong Kong, but there was time for shopping and for walking the streets of a most unique city. Most of the group made it a point to take the Star Ferry across the harbor to the tram up Victoria's Peak.

I believe the reality of Asia's potential was perceived by all as we visited Hong Kong. The contrasts with Saigon and Beijing highlight the long and tumultuous journey that lies ahead for the region as it strives to achieve this great potential. ■

Scholarships & Awards

Through the generosity of many supporters and friends, the Marriott School was able to award private scholarships to nearly 220 students (including undergraduates and graduates) during the 1996-97 year. Awards came from 70 different endowed scholarships and special gifts and ranged from full-tuition to a few hundred dollars.

In order to qualify for these scholarships, undergraduate students must be accepted as management or accounting majors, while graduate students must be either second-year students or in their final year of the MAcc or MISM programs (first-year graduate students qualify for scholarship funds from their particular departments).

The most prestigious undergraduate scholarships in the Marriott School are the Kemper Scholar Grants from The Kemper Foundation. Currently, seven of the 60 Kemper Scholars around the country are at BYU. Applicants are freshmen or first-semester sophomores who go through a rigorous application and interview process both at BYU and with a foundation representative. They are chosen on the basis of GPA, professional goals, service and leadership, a commitment to excellence, and high values. The foundation grants three years of scholarships, while the scholars commit to fulfilling three summer internships with the Kemper Insurance Companies. Students are also required to maintain a close relationship with program advisors at the Marriott School (Janet Howard-Tuten and Rixa Oman), and with Dr. James Connor at the Kemper Foundation. Current Kemper Scholars are Tony Christensen, Brian Collinwood, Brock Griffiths, Matt Hanks, Chris Jorgensen, Brian Rasmussen, and Sarah White.

The George E. Stoddard Prize is awarded each year to top MBA students in finance by the finance faculty. This past year, three outstanding students were recipients: L. Shane Jones, Steven Riggs, and Mark Siddoway.



The MBA Program presented the following awards at the beginning of fall semester 1996.

The Lee S. Bickmore Scholarship, presented for academic merit, went to John Adams.

The Stephen M. Covey Scholarship, presented for academic merit, was awarded to Cheryl Carpenter.

The Union Pacific Scholarship, also presented for academic merit, was received by Paul Killpack.

The Rodney A. and Beverly R. Hawes International Scholarship was presented to Kenneth Barfuss, John Martinson, and Luoding Wang.

The MOB Program gave student and alumni awards at a banquet on April 11, 1997.

The Culbert Laney Memorial Scholarship, presented to outstanding organizational behavior students, was given to:

- Leslie Bates
- Lori Houghton
- Danny McKell
- Jerry Olson

The Stephen G. and Louise R. Covey Scholarship, presented to an outstanding MOB student, went to Tyler Bolli.

The MPA Program presented awards at its Administrator of the Year Award Banquet on March 14, 1997.

The Stewart L. Grow Award, presented to the student who best demonstrates the traits of excellence so prevalent in Stewart Grow's life, went to Scott P. Trainor.

The Karl N. Snow Award for Academic Excellence, recognizing the highest academic record in the MPA Program, was presented to Stephanie Barlow.

The Lennis M. Knighton Award, for the highest academic record in EMFA Program, was given to Gary Blaine Mayberry.

The SOAIS gave student awards at the Beta Alpha Psi Spring Banquet, April 3, 1997.

The UACPA Outstanding Accounting Student was Brian Deppe.

The FFA Outstanding Accounting Student was R. Bryce Roberts.

The SOAIS Outstanding Undergraduate Student was Ryan W. Nelson.

The SOAIS Outstanding Graduate Student was Conan C. Albrecht.

The Outstanding Information Systems Student was Michael D. Broberg.

The Outstanding Professional Accounting Student was Clark B. Maxwell.

The Outstanding Tax Accounting Student was Elaine H. Harper.

The Center for Entrepreneurship presented the following awards during the 1996-97 school year.

Student Entrepreneur of the Year Awards, presented at a luncheon on December 11, 1996, went to:

- Jose Antonio Barreiros (winner)
 - Dennis Christensen and Curtis Flake (1st runners-up, partners)
 - Jeff D. Peterson and Indy Rod Walton (2nd runners-up, tie)
- Student Business Plan Competition winners were announced April 4:
- Nathan Gwilliam (winner)
 - M. Sean Finnigan (1st runner-up)
 - Kevin Olson (2nd runner-up)

The Mary Pickford Scholarships were presented to:

- Daniel B. Schenk and Brian McEwan, copresidents of ACE, in fall semester 1996; and
- Brian McEwan and Josh James, copresidents of ACE, in winter 1997.

The Center for the Study of Values in Organizations sponsors a university-wide academic paper competition for undergraduate students. The winners were:

Fall Competition

- John Jason Morales (1st place)
- Aaron Osguthorpe (2nd place)

Winter Competition

- Launa Lawrence Helton (1st place)
- Benjamin L. Brown (2nd place)

The Institute of Marketing presented the following awards during the 1996-97 school year.

The Doyle Robison Retailing Award, presented to outstanding married female students, was given to:

- Cherry Johnston
- Shiloh Parkinson

The Dahle Retailing Award, presented to outstanding undergraduate students, went to:

- Allison Kadz
- Jeff Slade
- Deonna Price

The E. Ronald Erickson Retailing Award, presented to an undergraduate retailing student, was received by David Burton. ■



1996-1997 Recipients

Profile of Marriott School Students



The Marriott School of Management offers two bachelor of science degrees, one in business management and one in accounting. In a typical year, 2,700 undergraduates major in these two programs and another 700 minor in either accounting or management.

The Marriott School also offers five master's degrees—in business administration, accounting, organizational behavior, public administration, and information systems. More than 500 students are enrolled in these programs at any given time. Two executive degrees are also offered, the Executive MBA and MPA degrees, which enroll another 220 students.

The following information presents a profile of the students enrolled in the Marriott School's graduate programs. ■

ENTERING GRADUATE STUDENT DEMOGRAPHICS

Programs	MBA	MOB	MPA	MAcc	MISM	TOTAL
General Interest						
Total students	153	29	23	155	24	384
Women students	26	8	8	41	2	85
Non-US students	29	7	2	11	3	52
Minority students	4	2	1	8	4	19
Married students	72	19	10	88	16	205
Students with children	33	13	3	22	7	71
Returned missionaries	104	23	15	118	20	280
Bilingual	75%	79%	65%	60%	40%	71%
States/Countries	10/8	NA/12	9/2	27/7	7/3	NA
Undergraduate universities	6	8	2	6	2	NA
Average age	26	29.8	25	26	25	26.2
Age range	22-51	22-49	22-34	20-35	20-31	20-51
Average years work experience	3.5	3.6	1	NA	NA	3.2
Average GMAT score	620	594	526	600	590	599
GMAT range	450-780	400-640	670-430	500-720	500-650	400-780
Average GPA	3.47	3.66	3.51	3.70	3.40	3.56
GPA range	2.57-4.00	2.29-4.00	2.96-3.94	3.00-4.00	3.03-3.75	2.29-4.00
Undergraduate Majors						
Accounting/Management	25%	7%	9%	97%	92%	56%
Engineering	15%	0%	0%	1%	0%	6%
Humanities	28%	25%	9%	1%	0%	14%
Physical Science/Mathematics	6%	0%	4%	0%	4%	3%
Social Science	9%	8%	48%	1%	4%	8%
Other	10%	60%	30%	0%	0%	13%
Undergraduate Institutions						
BYU	66%	79%	87%	95%	96%	82%
Other	34%	21%	13%	5%	4%	18%

Classroom Innovation

Teaching at a university used to mean standing at the front of a large lecture hall with hundreds of eyes gazing down at the all-knowing professor, who used a noninteractive style of teaching.

Such is no longer the case. Marriott School professors are getting rid of one-way communication in the classroom. They are experimenting with new and creative ways to teach the same old concepts of business and accounting. Innovative teaching is the name of the game now, and professors of the Marriott School are playing along.

For Bob Daines and Burke Jackson, written final exams are a thing of the past. The objectives of their final exam are, among other things, to allow the students to review the concepts of the course and to present those concepts in a creative manner. One group of MBA students published a magazine for their final exam, while other students have composed poems, produced videos, and created games.

Mark Hansen, a professor of organizational leadership and strategy, fosters the creativity of

his students throughout the semester. After assigning his class to read two case studies of how CEOs managed a similar situation, he asks three students to draw their interpretations of the different approaches on the chalkboard. The students sketch their interpretations one at a time for the rest of the class to view.

Hansen admits that this exercise is one of the most thought-provoking he's used in his teaching. "We often see things that we would not have thought of otherwise," he explains. "It unleashes creativity in some fun ways." The concepts taught in this exercise are not easily forgotten.

James Stice, professor of accounting, says his students retain course concepts better when they are placed in the hot seat. At the beginning of each class, the names of six students are written on the board. Each time a question is asked in class, those students take the role of teacher and must answer the question.

Stice acts as a ricochet and says he's there to rescue the six students any time they need help. He feels students and teachers must



understand each other in order for this to work.

"Before you can do anything with your students, they have to be able to trust you," Stice said. "Students think it's us against them. You have to let them know that there isn't that kind of division."

Other teachers plunge their students into various aspects of everyday life to teach them important lessons. Hal Gregersen, a professor of organizational leadership and strategy, has his students serve in local soup kitchens. The students then write about their experience and how it has taught them the concept of individual identity.

Hal Heaton considers the entrepreneur classes the hardest to teach. For Heaton, entrepreneurship is an art, and the best way he has found to train a "Michaelangelo" is to expose him to various kinds of entrepreneurial situations.

Heaton's students receive a case study of an entrepreneurial scenario. They respond to the actions and outcome of the characters in the scenario. After students are finished with their critique, the actual person who experienced the scenario comes into the classroom to discuss the case and the resulting decisions with the class. Bringing in an experienced entrepreneur allows the students to ask questions and learn firsthand the do's and don'ts of starting a business.

Innovative teaching has spread like wildfire in the Marriott School. Stice believes he has found the reason why students are so willing to allow their teachers to change the curriculum. "The secret to good teaching," he says, "is to create an environment of trust and learning. Then be excited about your subject, and the students will let you do whatever you want with them."



New Faculty

Sharon Kay Hurley Johns has joined the faculty of the School of Accountancy and Information Systems.



Sharon Kay Hurley Johns

She received her PhD from Texas A&M University and her master's degree from the University of North Florida, both in accounting. She has been a lecturer on the principles of accounting at Blinn College.

Dallan Wendell Quass has also joined the SOAIS faculty this year.



Dallan Wendell Quass

He received his PhD at Stanford University and is cofounder of Jungle Corporation, a business that is developing a next-generation search engine for the World Wide Web.

Richard E. McDermott, an SOAIS faculty member from 1985 to 1989, has returned to the Marriott School this year. Richard, who received his PhD from Oklahoma State University, has been a professor of accounting and health administration at Weber State University since leaving BYU and also



Richard E. McDermott

served as chair of Weber State's School of Accountancy.

Linda Price has joined the Business Management Department. She received her PhD in industrial engineering and engineering management from



Linda Price

Stanford University and holds two master's degrees from BYU. She has been employed by McDonnell Douglas and McKinsey & Company.

W. Robert McConkie II comes to the Marriott School from Sam Houston



W. Robert McConkie II

State University and will teach finance here. He received his PhD from Florida State University.

Berkeley L. Geddes has joined the information systems faculty. He was most recently employed as CIO of



Berkeley L. Geddes

Times Mirror Training/Service One in Salt Lake City, where he was a member of the team responsible for merging four companies into Times Mirror Training, Inc. He received his bachelor's degree in accounting from BYU.

William D. Price has joined the Marriott School to direct the Institute of



William D. Price

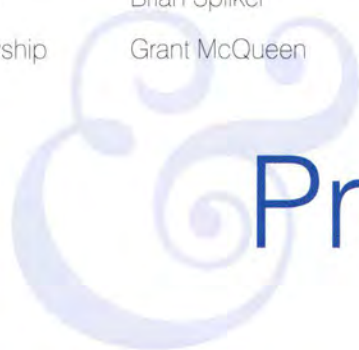
Marketing. He retired in 1995 from Fuji Tricolor, Inc., where he was president and director of operations, western region. Prior to his employment with Fuji in 1992, he was president and CEO of Dean's Photo Service, Inc., San Diego. He received his master's degree from BYU in public administration.

Bill and his wife, Sid, were called as public affairs missionaries in 1995 to coordinate the 1996 sesquicentennial activities along the Mormon Trail in Iowa. ■

Faculty Fellowships

The Marriott School is pleased to announce these newly awarded faculty fellowships:

<i>Fellowship</i>	<i>Recipient</i>
BYU Young Scholar Award	Stanley Fawcett
Driggs Brothers Fellowship	Steve Thorley
Glenn Ardis Fellowship	Brian Spilker
Goldman Sachs Fellowship	Grant McQueen



Professorships

The following professorships have also been recently awarded:

<i>Professorship</i>	<i>Recipient</i>
J. Earl Garrett Professorship	Mike Geurts
National Advisory Council Professorship	Robert Parsons
Joel C. Peterson Professorship	Mike Pinegar
Sorensen Family Professorship	Lee Perry
Rachel Martin Professorship in Accountancy	Dave Stewart
Glenn Ardis Professorship in Accountancy	Jim Hansen
Douglas and Effie Driggs Professorship in Business Management	Bob Daines
Deloitte and Touche Professorship in Accountancy	Fred Streuling
Mary and Ellis Distinguished Professorship in Accountancy	Owen Cherrington
Dennis O'Brien Professorship	Pete Clarke



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The Marriott School National
Advisory Council was formed
to achieve the following
purposes:

- to share the council's professional experience with the dean, faculty, and students;
- to develop professional contacts for the Marriott School;
- to enhance the reputation and visibility of the school;
- to promote excellence in management education;
- to assist students as advisors and mentors;
- to create internship and placement opportunities;
- to assist with fundraising.

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The purpose of the Marriott School Alumni Board is to promote alumni identity and develop within alumni and students a greater desire and commitment to support the Marriott School. This is accomplished by:

- *advising the school on programs that affect alumni and students;*
- *accessing, encouraging, and developing resources that can serve the continuing interests and needs of alumni;*
- *encouraging and facilitating alumni support of students;*
- *promoting greater financial support of the Marriott School among alumni.*

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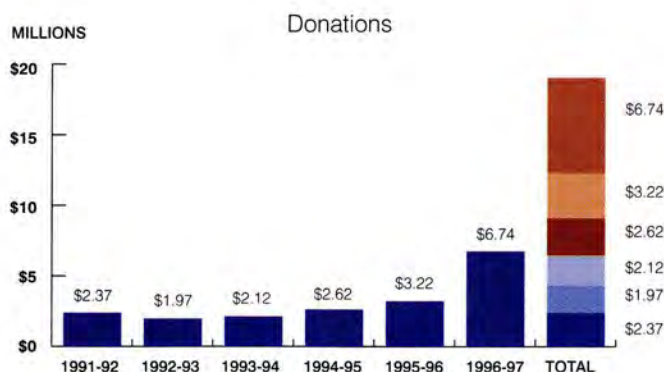
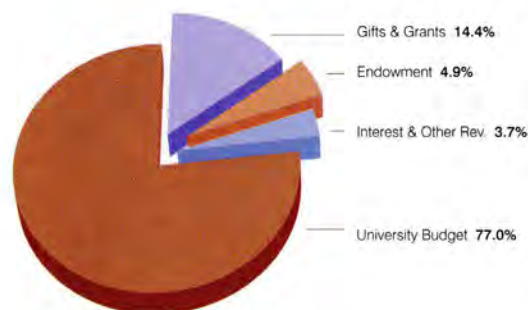
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1996-97 Financial Report

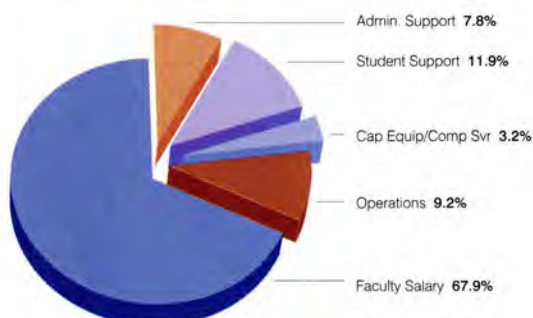
	Current Funding Level	Additional Funding Required	Proposed Level
ENDOWMENT			
Dean's Endowment	\$3,746,500	\$1,253,500	\$5,000,000
Centers of Excellence			
Entrepreneurship	2,874,500	2,125,500	5,000,000
International Management	3,180,600	1,819,400	5,000,000
Center for Study of Values	553,800	446,200	1,000,000
Institute of Marketing	2,206,700	793,300	3,000,000
Insurance, Risk Mgt., Fin. Services	359,100	1,640,900	2,000,000
Centers of Excellence Subtotal	9,174,700	6,825,300	16,000,000
Other Existing Endowments			
Chairs	1,615,600	384,400	2,000,000
Professorships	4,675,600	324,400	5,000,000
Faculty Fellowships	293,100	706,900	1,000,000
Student Scholarships	7,135,300	864,700	8,000,000
Research/Other	2,532,200	467,800	3,000,000
Other Endowments Subtotal	16,251,800	2,748,200	19,000,000
TOTAL	\$29,173,000	\$10,827,000	\$40,000,000

	1994-95	1995-96	1996-97
CURRENT OPERATIONS			
Endowment Earnings	\$744,900	\$987,000	\$1,180,600
Interest and Other Revenue	289,400	310,300	674,700
Gifts/Grants—Working Capital	1,300,800	1,923,000	2,619,400
TOTAL	\$2,344,100	\$3,220,300	\$4,474,700

DEFERRED GIFTS	
Trusts, Unitrusts, etc.	\$13,711,900
Marriott Gift	11,262,200
TOTAL	\$24,974,100



All gifts booked at present value—no pledges recorded



Projected Summary of Cash Outflow

Third Annual Management Conference Highlights

The Marriott School's Third Annual Management Conference, "Successful Leadership in Organizations, Communities, and Families," was an unqualified success. On June 19-21, hundreds of businesspeople joined



Keynote Speaker Hyrum Smith

together at BYU's Conference Center for just the right dose of professional enrichment and spiritual renewal. Some even extended the experience to include a lively and prize-laden golf tournament at the beautiful Homestead Resort in nearby Midway.

Conference speakers drew from their broad experience in a number of fields to provide valuable insights on topics ranging from competitive advantage to management ethics, from entrepreneurship to international business, from developing family skills to exercising creativity. Keynote addresses were delivered by industry luminaries Hyrum Smith, chairman and CEO of the Franklin Covey Company; J. W. Marriott, Jr., chairman, CEO, and president of Marriott International, Inc.; and Nolan Archibald, chairman, CEO,

and president of The Black & Decker Corporation. Rounding out the group of excellent guest presenters were:

- Merrill J. Bateman, president of BYU, member of First Quorum of Seventy
- Kurt Bestor, composer and musician
- M. Anthony Burns, chairman, CEO, president of Ryder Systems, Inc.
- Beverly Campbell, former director of international affairs, LDS Church
- Elder Jacob deJager, First Quorum of the Seventy Emeritus
- Jeroldeen Edwards, author
- Taylor Hartman, consultant and CEO, ColorCode Communications, Inc.
- Sharlene Wells Hawkes, former Miss America and ESPN sports broadcaster
- Larry Miller, entrepreneur and owner of the Utah Jazz
- Elder H. Burke Peterson, First Quorum of the Seventy Emeritus
- Gifford Nielson, sports broadcaster, former BYU All-American, and Houston Oilers quarterback
- Chieko Okazaki, former counselor, LDS General Relief Society Presidency
- Dave Ulrich, professor of business, University of Michigan



Kurt Bestor



Sharlene Wells Hawkes

Conference attendees were also treated to insightful presentations from several Marriott School faculty members.

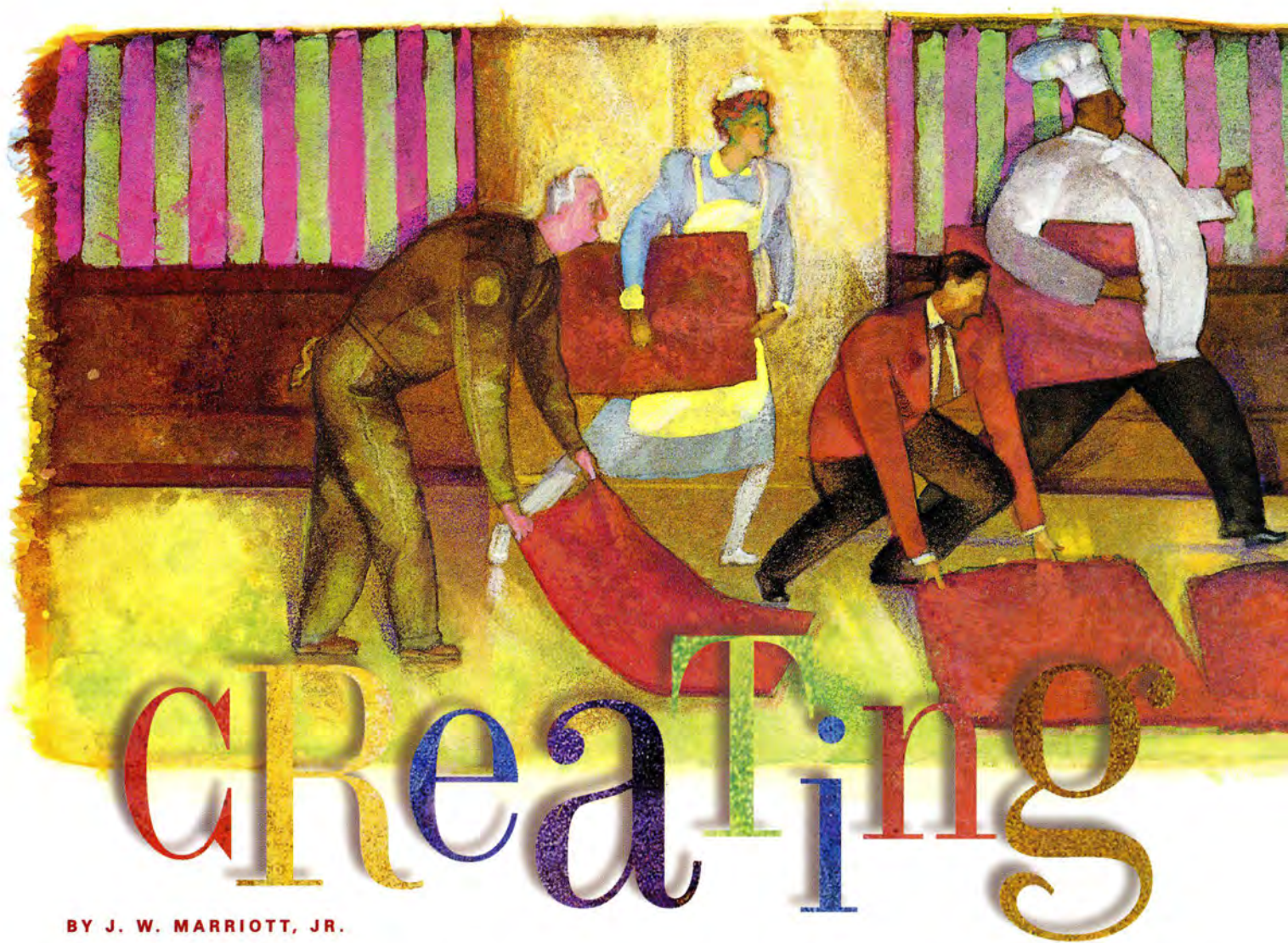
A number of "networking receptions," organized by various departments, enabled alumni to renew old friendships and build new ones. At the closing banquet, Elder Monte J. Brough of the LDS Church's Presidency of the Seventy delivered an inspiring and timely message on avoiding executive burnout. He opened the scriptures to uncover the secret to "managing the creature" (Alma 30:17) in order to achieve balance and internal peace.

Up to 14 hours of continuing professional education (CPE) credit were available to attendees.

Young people who attended the pre-teen conference composed and illustrated some wonderfully imaginative stories, while teenagers listened to dynamic speakers and rode the wild waters of the Provo River.

Everyone enjoyed great food and even better society. It was a wonderful three days.

Next year's conference is planned for June 18-20, 1998. Among the noted presenters will be Stephen R. Covey, cochairman of Franklin Covey, and Peter Vidmar, former Olympic gold medalist. The golf tournament will take place at the new Johnny Miller course at Thanksgiving Point—the finest new course in Utah. For more information about next year's conference, call (801)378-4123. ■



BY J. W. MARRIOTT, JR.

This is an edited version of an address delivered at the Marriott School's Third Annual Management Conference, June 20, 1997.

I was born of goodly parents, and they established a wonderful foundation on which we've grown our company. Today I thought I'd talk about some of the principles they believed in and built into that foundation. The key building block from the very early days was to take good care of our employees, so they would take good care of the customers, and the customers would come back. Now, this is not brain surgery. This is not rocket science. This is just basic, simple caring and taking care of your people.

In those early days, when our employees were sick, my father visited them; when they were in trouble, he got

them out of trouble; and when they were willing to talk, he was there to listen. And they responded. He really did treat them like members of his own family. And through the years, what we've tried to do in our company is to create a climate to perpetuate this.

I had a CEO from a manufacturing company come to see me a couple of months ago. He was very concerned about the fact that his people were not giving good customer service. I asked him this simple question: "Do you take good care of your people, so they can take good care of the customers?" He thought about it and said, "Well, I think we do." I said, "Do you talk about it?" "No." "Do you preach it?" "No." "Do you emphasize it?" "No." I think this illustrates a certain mind-set in our service business that many manufacturing companies do not have.

Listening

Listening is an important characteristic in any good businessperson. As I look back through the years, we have had some very capable, unique people in our company, and we've tried to listen to them. When they came in with a new idea, I didn't say no, although I may have thought it was crazy. I tried to encourage them to carry through on their ideas and to participate in the company, and I tried to learn from them as they went forward.

I believe I've always recognized the importance of asking those magic words, "What do you think?" and I've found that if you listen to your people, they'll talk to you. If you don't listen, they won't talk to you. And if they stop talking, you've lost the best asset you could possibly have: your team. If your team feels

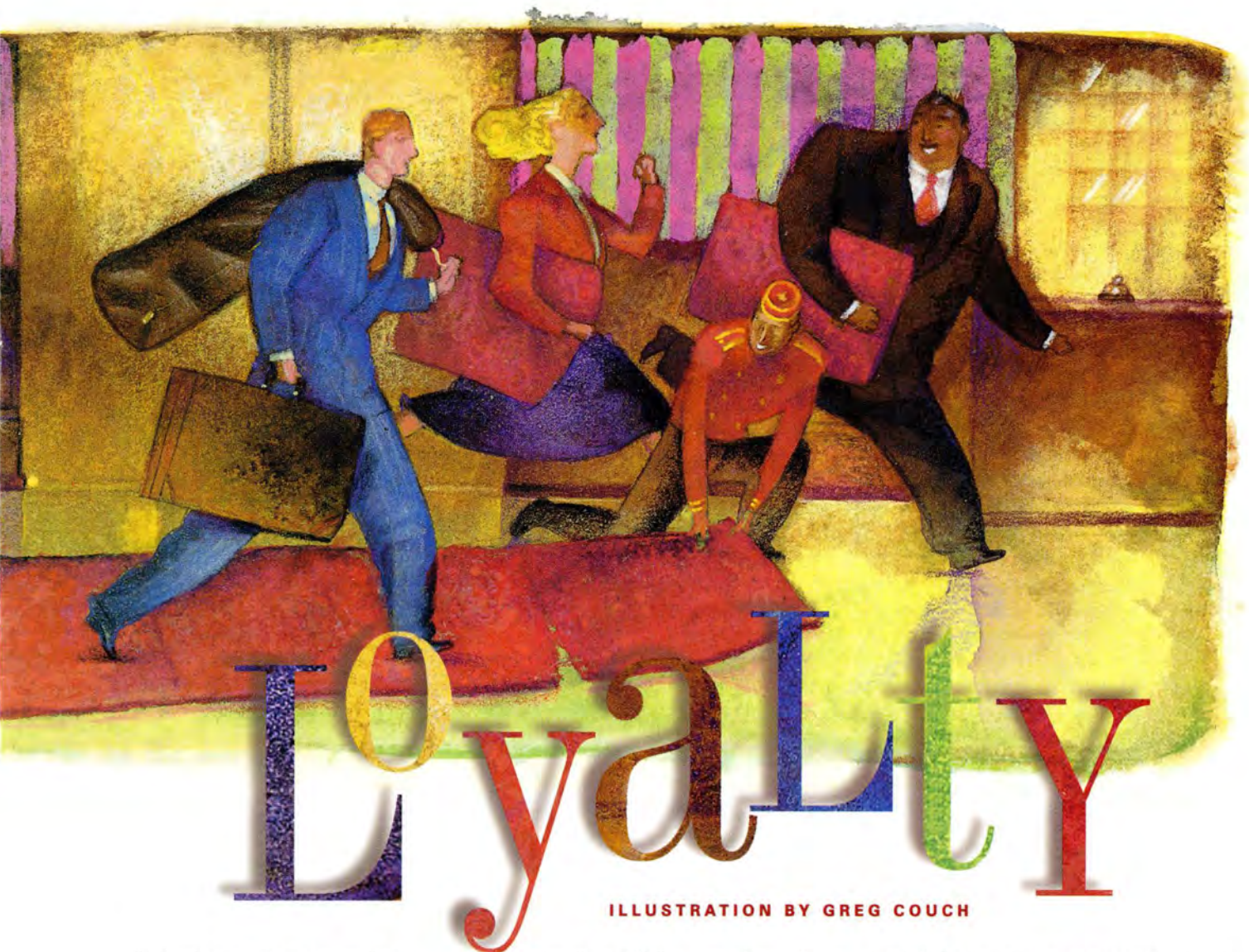


ILLUSTRATION BY GREG COUCH

that you're not interested in their ideas and in what they have to say, they'll stop listening, and they'll go away.

In May of 1992, Steve Bollenbach, one of the capable people I mentioned, came into my office. We'd just come through the most difficult time of our business. We had \$2.5 billion in debt and \$1.5 billion worth of hotels in inventory. What we'd been doing is building hotels, selling them, and then taking back management contracts on them.

Through the '80s, we built, developed, and sold \$1 billion worth of hotels each year. And we thought that the tree was going to grow to the sky. We thought we could keep doing this, but we hit a wall. The real estate market collapsed; people stopped buying hotels. To make matters worse, the Gulf War came along and we had a serious recession, and people stopped

traveling. All this caused us to hang on by our fingernails. We made it; we got through it.

In May 1992, Bollenbach came into my office, and he said, "How would you like to run a company that doesn't have any debt?" I said, "Would I like to run a company—. Of course I'd like to run a company that hasn't got any debt!" He stated, "Well, I've figured out a way to spin off all the management contracts for Marriott Hotels, all the service businesses, and retain in the original company the real estate assets and the debt that goes with them."

And so I talked to him and listened to him, and we went through this together, and I thought I understood it. We got him involved with the board, and we went ahead. Basically, we split the company and formed a new business, Marriott International, which

had all the management contracts, leaving the real estate behind in Host Marriott.

We caught the devil from our bondholders because the bonds of the Marriott Corporation were downgraded, but they came back. The price of the bonds rebounded, and the shareholders were big winners. Our stock back then was about \$12 a share. Yesterday, the combined stock of the three companies we have spun off in various shapes and sizes was about \$83.

So we have done quite well by our shareholders, the market is pleased, and Wall Street seems happy. I've often asked myself what would have happened if I hadn't listened to Steve. What would have happened if we hadn't split the company?

In 1981, our team got together and came into my office and said, "Hey,

we can't continue to grow with just full-service hotels. We've got to do something different." I stated, "Well, that's the only thing we know how to run." They countered with, "No, we want to get into limited-service hotels." But I said, "They don't make any money." They said, "Well, we'll show you how they do."

So we went out and asked our customers what they were looking for, and after \$1 million worth of research, they came back with the astounding suggestion that we offer a lower-priced room that's also a better room. So we did. We built Courtyard by Marriott, and a couple of years later we went back to them again and said, "What do you want?" The customers told us, "We want a lower-priced room." So we built Fairfield Inn.

What would have happened if we hadn't listened to our customers? What would have happened, again, if I had not listened to our team? These were not my ideas. These were somebody else's ideas. So, in your various jobs, I hope you will encourage your people to speak up. Never be afraid to hire somebody who's smarter than you are.

Caring

Another key element in the people equation is the aspect of caring. I frequently ask our management team, "Are you compassionate? Are you able to step back from your role as managers and remember where you started?" I ask them, "Do you remember your first job, how excited and scared you were? How you tried really hard? And do you remember how your bosses reacted? Do you remember the ones who encouraged and taught you and maybe the ones who ignored you and only recognized you when you had a problem and failed? Do you really try to help your people? Do you really care about your people and their well-being?"

In our business, we don't manufacture anything. We sell only service. So the attitude of our people is the absolute key to the success of our service.

It was maybe 20 years ago that Hilton opened up a new hotel in downtown Atlanta. We'd had the biggest

hotel in Atlanta up to that time, and all the sports teams stayed with us. All the baseball teams that came to play the Braves stayed with us, but when Hilton came in, business was a little soft, so they offered discounts to all the teams and took almost every baseball team away from us.

We had a room service captain named Smitty, who grew up in the less-advantaged area of Atlanta, but was a dedicated customer man. Smitty took care of all the baseball teams that stayed in our downtown Atlanta hotel, and when they moved to the Hilton, Smitty was quite upset. So he went up to the Hilton and sat in the lobby when he knew the teams were coming to town.

One day Tommy Lasorda, manager of the Dodgers, walked into the lobby and said, "Smitty, what are you doing here?" Smitty answered, "Mr. Lasorda, I know that you've got a big game tonight. I know what your diet is,"—this was before Ultra SlimFast—"and I know that you like your double-thick malted milkshake and your double cheeseburger about 11 o'clock at night. I know you've got a double-header tonight, and you're going to be coming in late—this Hilton Hotel shuts down room service at 10:30. So I'm here," he said, "to fill your order from the Marriott." Well, Tommy Lasorda was so impressed that he said, "Okay," and they moved back.

Within six months, every single baseball team moved back from the Hilton to the Marriott. Why? Because of Smitty. When the Atlanta Olympic Committee decided to go for the Olympics, they took one representative from the hospitality industry with them as they visited countries around the world—the person they took with them was Smitty. When the Atlanta Olympics finally were held last summer, Smitty was the chief concierge for the Olympics. Just one man.

See and Be Seen

Another point I want to mention is to see and be seen. My father once said, "I have a very nice office. It's warm and comfortable, but I need to leave it more often and get out into the operations and see our people and

customers." Tom Peters wrote about it in *In Search of Excellence*, calling it "management by wandering around." My dad invented it in 1929 when he opened his third Hot Shoppe. He was always out in the operations, inspecting food, making sure that the hot food was hot and the cold food was cold, that the parking lots had been hosed down the night before.

He was a bug on cleanliness of the Venetian blinds, and he was a fanatic about the appearance of the staff, particularly the waitresses. He had a waitress line-up every day before lunch, and he attended it as often as he could. He wanted to be sure the waitresses had starched aprons, the right hairnets, very little makeup, not very much jewelry, no fingernail polish, and that they were sharp and neat and ready to serve the customers. He really believed that our employees expected what he inspected.

It's important to get out of the office, to let your people see you and get to know you, to find out what's going on. It's the prime motivation behind my 200 visits each year to our operations. I always learn something when I go.

I was in a Residence Inn up in Sandy, Utah, this week, and I asked the manager how many rooms the maids were cleaning each day. He told me they were doing 16 rooms, but he noted, "You know, we've figured out a way to get them to do 20 rooms a day." I said, "How's that?" He said, "We pay them \$2 for each additional room." "How do you keep the quality up? How do you know the rooms are really clean?" He said, "Oh, about once a week we take 20 one-dollar bills, go into the room with the housekeeper, and go through the room and look for dirt and for problems. Every time we find a problem, we take a dollar off. If they don't have any problems, they get all 20 one-dollar bills, but if they have problems, they may get 15 or 10 or whatever. They are rewarded in a small way to do a quality job on these rooms."

Quality

Quality in our company is a never-ending quest. Every month we send questionnaires to our guests to learn all about their stay. How was the

quality of the guest room? How speedy and efficient was the front desk? How was the food? Each hotel receives about a thousand replies every year, and it's amazing to me how accurate the customers are in their responses.

I went into a hotel up in Massachusetts last summer, and I noticed on the scores that they were having trouble with their hostess. The hostess was rated as unfriendly, not caring, and inattentive. So I asked, "What are you doing about this problem?" "Oh, we know what the problem is?" "What is the problem?" They said, "We're paying her \$6 an hour, and the going rate is \$8 an hour?" "Well, why don't you pay her \$8 an hour?" "This is a franchised hotel, and we can't get headquarters to approve it." Anyway, we got it fixed. We raised her to \$8 an hour and got headquarters straightened out. Overnight, in just one little instance, we were able to fix something because we had direct feedback from our customers.

Command the details. If you know your business, the details will fascinate you and will give you energy. If you don't know your business very well, you'll probably shy away from the details. Success in our business is in the details. I joke that the image of a good Marriott manager is someone who's picking up paper off the floor when he or she walks around. Well, I've picked up paper off the floor in Hilton hotels and Hyatt hotels, and I've put it back down, of course, when I realized where I was. But get into the details and learn them.

People often ask me, "How can you think strategically when you're into so much detail?" I believe that when you have to make a big, strategic decision, you must be able to bring together your total knowledge of the business, and if you don't have a real good understanding of the details that drive your business, you can't really make good decisions about the big things. So know the details—understand them.

A Bias for Action

The next thing I want to mention is to have a bias for action. Do it now, and get it done. Our people and our customers are in a hurry. They want to

get to their room as fast as they can get there; they do not want problems. They tell us, "We do not want to manage your business. We are tired, we've been waiting in line at airline counters, we've been waiting in line at rent-a-car counters. When we get to your hotel, we want to get to the room, we want a key that works, we want a bed that's made, we want a room that's clean, we want a data port we can connect our computers to, we want a desk we can work on, and if you haven't got it, we're going to go somewhere else." So get it done and give the customer service.

We have 49 percent ownership in the Ritz-Carlton hotel chain. Ritz-Carlton has a policy that I think is terrific. The policy says that the first employee to be told of the problem by a guest is responsible for fixing that problem. He or she "owns" the problem.

If a guest opens the door to his room and says to the maid, "This light bulb is burned out in the bedside light," it's her responsibility to call engineering and make sure that bulb is replaced, that it works, and to report back to the customer (which she must do) that that problem has been solved. It's not her responsibility to mumble, "That's not my job." It's not her responsibility to say, "I'll get the engineer." It's her responsibility to say, "I will solve the problem." Ritz-Carlton was voted the number one luxury hotel chain in the world, with a 90 percent guest satisfaction rating.

Hire Friendly, Train Technical

We have a director of human resources at our Philadelphia Convention Center Hotel, a black woman, about six feet tall, tough as nails. I asked her one day, "How do you get such good people? How do you get such good scores when you're hiring mostly from the inner city?" She said, "We hire friendly and train technical." I thought that was one of the greatest statements I've ever heard.

I mentioned that in a question-and-answer session at the Duke University Medical School. They were having trouble with hospitality in their hospitals. They came up to me afterwards and said "We think that's the neatest thing we've ever heard. We're going to change all our personnel policies, and

we're going to hire friendly and train technical. In our business we need to think about hiring people who enjoy taking care of the customers, who are happy in their work, who know how to get along with others, who know how to get their jobs done and keep our customers happy.

Enjoy Your Work

Finally, enjoy your work. Make it fun. Don't take yourself too seriously; take your assignment seriously. We often think of our prophet leaders as maybe men who don't have a great sense of humor. We've seen President Hinckley on *60 Minutes*, and we saw what a great sense of humor he has. President Kimball had a wonderful sense of humor.

I often wondered about Joseph Fielding Smith, and I was a good friend of Arthur Haycock, who was his secretary for many years, so I said to Arthur, "Tell me about Joseph Fielding Smith's sense of humor." He thought for a minute and he said, "You know, President Smith used to say, 'Adam and Eve were named Smith, and the less righteous their children became, the more their name changed.' And then he would say, 'Arthur, Haycock is a long way from Smith.'" So, be happy in your work. Make it fun for yourself and your associates.

Focus on Core Competencies

I want to leave you with one thought, and that is that most successful companies and most successful individuals learn to focus on their core values and competencies, on what they do well, and they seek to continuously improve it.

We've been in a lot of businesses. We've been in the home security business. We've built and managed theme parks. We've run travel agencies. We had a Greek cruise ship line, a chain of fast food restaurants, a chain of coffee shops, the world's largest airline feeding operation. But not any more. Now we are focused on lodging, on senior living, and on our food service management. We're focusing 100 percent of our energies on these core business. So, stay true to what you know best, and use all of your efforts to make it better and better. ■



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EDS Chairman and CEO Speaks at Marriott School

In his International Executive of the Year Speech delivered on November 8, 1996, Lester M. Alberthal, Jr., urged Marriott School students to be leaders of change in a dynamic global marketplace.

"We are in an era where booming economies are springing up around the globe," said the EDS executive. Developing countries—which account for about two-thirds of the earth's population—are quietly becoming major economic factors. Half of American jobs today are tied to economic developments outside the country. In the United States, we produce more than we will ever consume. Survival for *Fortune 100* companies depends on their ability to change at the right pace, at the right time, with the right products. As a nation, our challenge is

to get out in the world and be competitive.

Alberthal emphasized three strategies used by companies intending to survive and be prosperous in the coming decade:

- 1) They are rapidly becoming more global and international than ever before.
- 2) They are looking at what it takes to be truly culturally diverse—not just the American version of cultural diversity.
- 3) They are viewing technology not as a line item cost (which is typically two to three percent of the total cost) to be reduced by 10 percent, but as a leveragable tool that may eliminate 10 percent of all their costs of doing business.

Advanced technology will play a major role in a dynamic world economic model shaped by the privatization of communication and the entrance of a new generation into the global work force.

The real issues for business corporations today are these: *How do we understand, industry by industry, the changing dynamics of world economics? To what degree will technology pull on the consumer supply of capital? How, where, and when will those dollars be spent?*