

EXCHANGE

FALL 1994
THE J. WILLARD
AND ALICE S.
MARRIOTT SCHOOL
OF MANAGEMENT
BRIGHAM YOUNG
UNIVERSITY



FIRST ANNUAL MSM BUSINESS CONFERENCE
—COMING JUNE 22-24, 1995 (SEE PAGE 2)

DEAN'S OFFICE

J. Willard and Alice S. Marriott
School of Management



Welcome to the fall 1994 issue of Exchange magazine. It is an issue that reflects the continuing evolution of the Marriott School of Management here at Brigham Young University. By design, this issue focuses on our priorities: Students, alumni, faculty and staff, programs, and facilities. To us, they are the most valuable of our resources, with people being both the life-giving force behind our programs and facilities, as well as their beneficiaries.

That focus is well-introduced through a story announcing the Marriott School's first annual business conference. With a theme of "Managing for Success: Business, Career, and Family," the conference will feature a "who's who" of management leaders to address topics on the cutting edge of today's business world. The primary objectives of the conference are to provide both outstanding career education and opportunities for career networking.

Similarly focused is a feature story about the need to rethink business in order to meet the broader responsibilities of society. Among the myths explored in the article are: 1) "Executives are important, powerful, and smart," 2) "More is more," 3) "Good guys finish last," and 4) "The purpose of business is to maximize shareholder wealth."

A second feature article emphasizes the importance of the human factor in business, describing the proper role of service at the interaction of service, product, and consumer. The article suggests the need to identify and understand four basic characteristics of service before learning how to apply it strategically in business.

The increasingly global nature of our curriculum is discussed in a story describing the addition to our MBA curriculum of business courses being taught in foreign languages, as a way to teach the specific language and culture of business. In another story, a mutually beneficial "partnership" is explored through a list of Marriott School graduates who all found a welcome business atmosphere within the Pizza Hut Corporation.

A repeat feature of the fall issue is the inclusion of our "Year-In-Review," a four-page section that summarizes some of our major accomplishments over the past year. As you might guess, its focus is on the people who were involved in those successes.

And, fittingly, the faculty/staff feature of this issue is a tribute to a retiring associate dean whose exceptional and often unheralded contributions are given some well-deserved recognition through the eyes of his current and former colleagues.

I am confident you will find your reading of this issue both informative and enjoyable as a reflection of the Marriott School's continuing leadership in business education.

Sincerely,

K. Fred Skousen, Dean

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Published by the
J. Willard and Alice
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Young University,
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Cover Photograph
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Introducing the Marriott School of Management's First Annual Business Conference "Managing for Success: Business, Career, and Family"

When you have more than one child (we have four) you know that sometimes it can seem contrary to the laws of nature for them to agree. On anything.

So you can understand my surprise when the subject of next summer's family vacation arose and—with no debate whatsoever—the family voted unanimously to accompany me when I attend the **Marriott School of Management Business Conference**.

That is, I was surprised until I took a closer look at the conference agenda, scheduled for June 22–24, 1995 (Thursday through Saturday).

I had been amazed by the incredible lineup of speakers . . . now I could hardly believe the lineup of activities planned *for every age*.

For alumni and business people like me, the Marriott School of Management Business Conference is a once-in-a-lifetime opportunity to rub shoulders with experts and hear from nationally renowned speakers.

And I do mean *once-in-a-lifetime*. Where else can you take advantage of a panel of experts like this one?

- Don Staheli; President and CEO, Continental Grain Co.
- Mark Willes; Vice Chairman, General Mills, Inc.
- Neil Dimick; Executive Vice President, CFO, Bergen Brunswig Corporation
- Dan Paxton; Senior Vice President, Human Resources, Pizza Hut, Inc.
- Joseph Grenny; Consultant; Partner, Praxis Group
- Meg Wheatley; Best-Selling Author and Business Consultant
- Jim Jenkins; President, Sterling Wentworth
- Ron Gunnell; President and CEO, Health Benefits America
- Dana Thornock Rasmussen; Best-Selling Author and Consultant in Nutrition and Wellness
- Faculty Members from the Nationally Ranked Marriott School of Management

For that matter, where else could you find classes and workshops and hear those experts share the latest information on vital, timely topics like—

- Developing a Strategy for Global Markets
- Organizational Restructuring and Downsizing
- The Renaissance Leader: Practical Tools for Managing Organizational Change
- Strategic Alliances
- Negotiating With Difficult People
- Managing Diversity
- Government Partnerships to Encourage Innovation
- Capitalization of Your Small Business
- Applying Technology to Business and Business Decision Making
- Health Care Reform
- Accessing the Information Super Highway
- Dilemmas of a Family-Owned Business
- Personal Investing to the Year 2000
- Personal Estate Planning
- Developing Employee Honesty

Business aside, the Conference will also feature unique enrichment programs focusing on self and family—subjects that could not be presented *anywhere* like they can at BYU:

- Managing Your Personal Health
- Overwork—What to Do About It
- Strengthening the Family—A Corporate Strategy
- The Subtle Seduction of Success
- The Church in Eastern-Bloc Countries

Meanwhile, if your family joins you, the kids can divide up and enjoy sessions with their age group—preschoolers, preteens, or teenagers. There will be activities for every age group, including making new friends from all over the nation.

The older children will enjoy a compressed session of Especially for Youth (EFY) including music and advice by LDS favorites John Bytheway and Michael Ballam, water park fun at Seven Peaks Resorts and Water Park, and miniature golf, go carts, and water boats at Trafalga in Orem.

There will be an on-campus nursery for preschoolers . . . and what a nursery! With one day in the McKay Childhood Development Facilities and the other in the BYU Day Care Center—both fully staffed by eager, helpful, early childhood education majors—you couldn't leave your child in better hands. In fact, the children in this program will *learn* while having *lots of fun*. (Don't be surprised if your child doesn't want to leave at the end of the day!)

Some extras I hadn't planned on. Like a whole morning with Stephen R. Covey, the nation's #1 business author and chairman and founder of the Covey Leadership Center . . . and

- Elder Henry Eyring and Steve Young of the '49ers as luncheon speakers;
- A Friday evening dinner and address from a member of the Quorum of the Twelve;
- A special presentation on the life and times of the Prophet Joseph Smith, taught by Susan Easton Black;
- An entertaining and uplifting musical presentation by Michael Ballam; and
- A Saturday scramble golf tournament at the Homestead Resort in Midway.

I called Dean Fred Skousen to ask a few questions and was impressed with this quote:

"We have discussed presenting a first-class business conference for years. Now we're doing it. This will be the

first of many opportunities for our alumni to rub shoulders with their peers, not to mention learn from some of the Marriott School's best friends. You shouldn't miss it!"

All this, and I can afford it, too. Registration is \$195; but since my wife is going, too, registration will be just \$175 apiece. Preteens are \$95, and preschoolers are \$55.

That's a lot cheaper than two days at Disneyland. And it even includes meals.

And you Management Society members can further cut that price by finding nine other adults to come with you. This group rate is just \$155 each.

As for accommodations, BYU has reserved blocks of rooms at special prices at the Provo Park Hotel, Comfort Inn, and Holiday Inn; and if you want the freedom of a complete campus experience for your family, a block of rooms (including kitchens) has been reserved in the dorms. But don't expect these rooms to last long. If you want one, better make a reservation now.

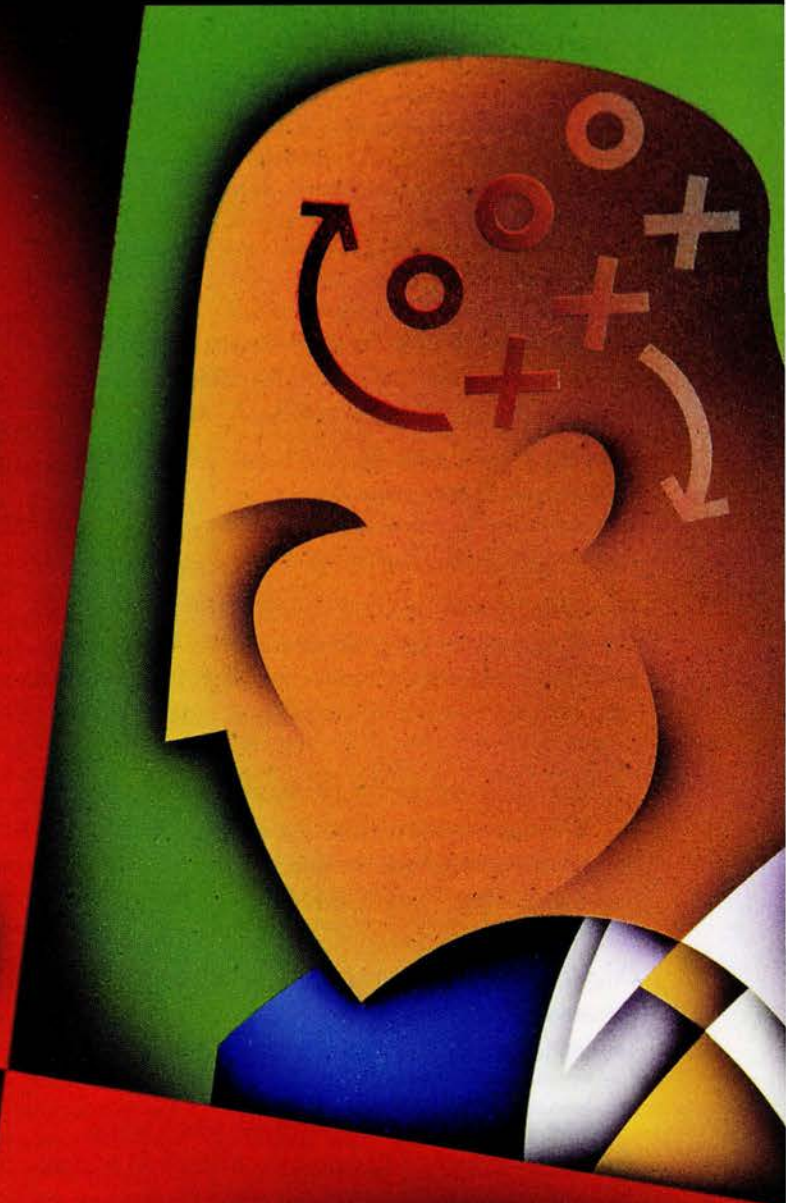
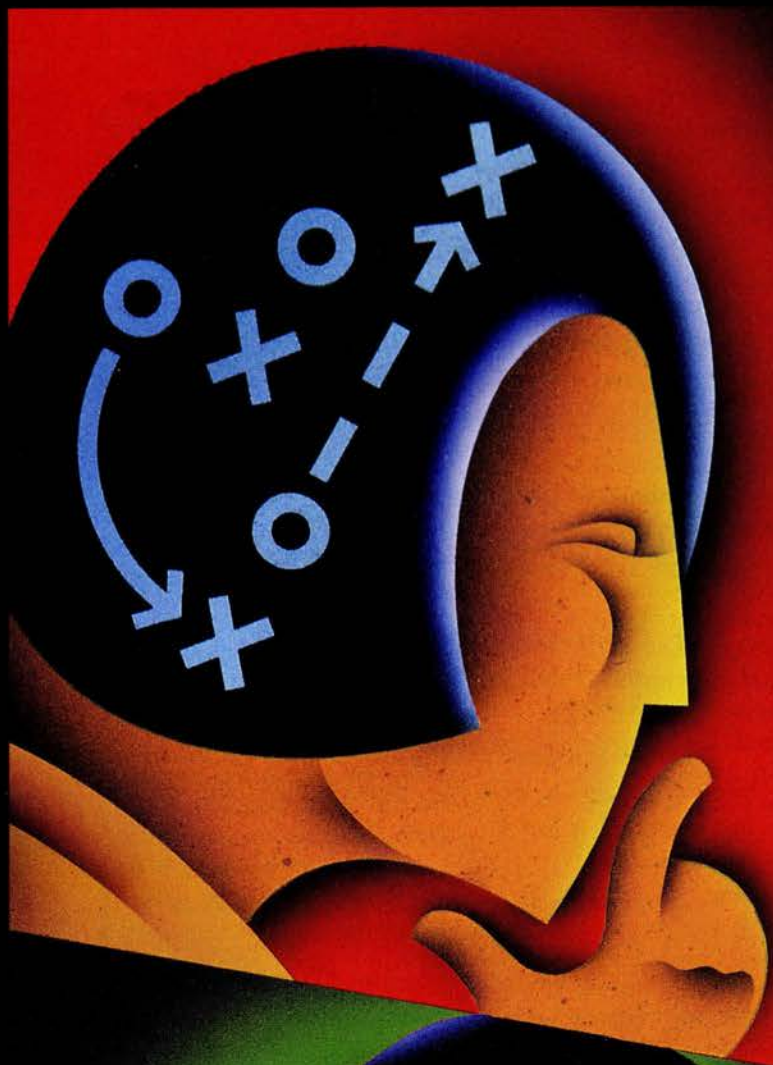
Which reminds me, here's how you can find out more or register for the conference— Call (801) 378-4121 or write to:

Business Conference
Marriott School of Management
730 Tanner Building
Brigham Young University
Provo, UT 84602

Please call now to reserve your space at the conference. Registration will go quickly; and to maintain quality, the MSM will need to limit overall attendance.

If you decide to attend, look for me. You'll find my wife and me with four kids who can agree on what to do at the conference, but not on where to have dinner.

—Jeff Smith



RETHINKING



▶ **BUSINESS**

A BROADER

SENSE OF

RESPONSIBILITY



Donald Adolphson, professor of
Business Management

Matthew DeVries, MBA Student

Heikki Rinne, Professor of Business
Management and Director of the
Institute of Business Management

Illustration by: Jeff Koegel/Stockworks

Some Old Ideas Won't Work

In a Gary Larsen cartoon portraying a herd of stampeding buffalo, the caption reads, "As if we all knew where we're going." As business is becoming an ever more significant force in our global structure, one must question whether anyone knows where current business practices and beliefs are taking us.

It is time to rethink how businesses are run and what impact we want them to have on people, the environment, and society as a whole. Many business practices are myopic, based on old models and paradigms that fail to address the long-term needs of society. These old paradigms have served us in the past, even helped us to become what we are now, but they need re-examination in light of a new global marketplace and a new set of challenges.

We have identified 10 paradigms or myths that we believe do not, and will not, best serve business or society in the future. Our objective is not to attack business but to stimulate thinking and dialogue about current business practices.

Myth 1: There are right answers.

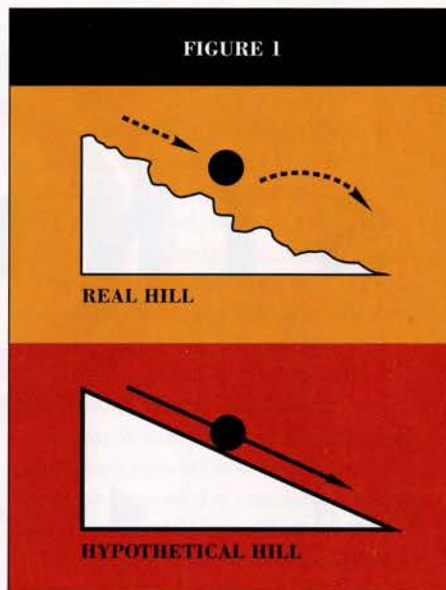
Ricardo Semler, owner of the Brazilian manufacturing company SEMCO, compares running a business in Brazil to riding a Brahma bull in an earthquake. Operating in a volatile environment, Semler acknowledges that no one person in the company, not even himself, will have all the "right answers." His approach is to develop people and organizational structures that are competent, resilient, and flexible and then let them adapt to the uncertain environment.¹

We believe Semler's management approach will be typical of successful managers in the future—they will accept uncertainty as a fact of life and build organizations that can adapt and innovate. This management style realizes that businesses run most efficiently and productively when problem-solving systems and mechanisms are developed *throughout* the organization. This style avoids management-imposed single programs or right answers.

Scientists find right answers, but only after creating a simplified, ideal-

ized representation of the problem. Scientist James Trefil uses Figure 1 to highlight the difference between a real hill and a hypothetical hill.² The abstract world of the hypothetical hill is seductive. It is smooth and perfect. Right answers can be found and reproduced, and the environment can be controlled in this artificial world. Progress occurs when scientists create useful abstractions and then transfer insights from the abstract to the real, but great harm occurs when abstraction is mistaken for reality.

Managers often adopt the same strategy as scientists, but the simplified



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models managers create almost always eliminate people and other living entities. Too often, the idealized world gets mistaken for the real world, and decision making fails to consider the effects on people and other forms of life. The ability to develop long-term, real-world solutions will divide the truly successful from those who achieve only momentary successes.

Myth 2: Executives are important, powerful, and smart.

For decades we have built hierarchical organizations in which executives are responsible and subordinates obey. This model implies that the people at

the top are important, in control, and in possession of the right answers. This is not always true. Clearly, executives influence the direction of their companies, but they rarely make or sell anything. They represent the organization to the outside environment, but they are often detached from the essential work that determines quality, speed, and ultimate marketplace success.

Power and influence in a business come from individuals, not from titles and positions. Too often managers try to force others to obey, not understanding that loyalty and obedience are earned through personal actions, not through position or title. Executives can make a difference, but only by creating vision and bringing people together into responsible and innovative teams. Executives are not indispensable. Ricardo Semler writes of a lesson his father taught him: "Next to our Santo Amaro plant is a cemetery. Our silent partner, some of us call it. 'See that lawn?' my father used to say. 'It's filled with people who were indispensable to their companies.'"³ Real leaders realize that positions and titles are less important than honest actions. They also know that, ultimately, no one is indispensable to the company. A well-known Chinese saying poetically supports this point:

A leader is best when people barely know he exists, not so good when people obey him, worse when they despise him. But of a good leader, who talks little, when his work is done and his aim fulfilled, they will say, "We did it ourselves."

—Lao Tzu, Tao Te Ching #17

Myth 3: Everything must be planned, controlled, and evaluated.

Certain aspects of managing an organization must be planned, controlled, and evaluated, but overemphasis in these areas can squash creativity, innovation, and initiative. Sometimes the best planning and control involve creating an environment where the unexpected can happen and creative problem solving can flourish.

Too many of today's business movements attempt to control and micro-

manage, taking the human element out of production and service. Some companies try to create perfection by managing the most minute details of their employees' behavior. At United Parcel Service, for example, employees must step from their trucks with their left foot first, carry packages under their right arm, and fold all bills with the face outward. This sort of planning and control reduces people to machines and likely does not improve the quality of service. Interestingly, UPS employees are above the 90th percentile in worker stress.

Innovation and flexibility are fostered in an environment of trust and openness, not in an environment of fear and control. Umesao, a Japanese anthropologist, observes that the Japanese have always done better when they drifted in an empirical, practical fashion than when they operated by resolute purpose and determined will.⁴ This approach can work well for Western cultures, also. Jacobs points out that "successful economic development has to be open-ended rather than goal-oriented, and has to make itself up expediently and empirically as it goes along."⁵ Some of the best successes occur by accident. We must allow room for beneficial accidents, while trying to minimize detrimental ones.

Myth 4: Functional is functional.

When something is designed to be merely functional, the result often contains an element of ugliness. We believe that beauty, harmony, and true functionality go hand in hand. Former Herman Miller CEO Max DePree believes that beauty and harmony can give a competitive advantage: "Organizations that steadfastly pursue beauty and harmony do attract the best people. Not to choose beauty and harmony puts one squarely in the ranks of the mediocre and endows one with all the characteristics that word implies."⁶

Consider agriculture, whose purpose is to provide food. Farmer and author Gene Logsdon contrasts modern factory farming to traditional farming. Large-scale factory farms maximize crop yields through crop specialization, chemicals, and expensive mechanization. These practices are functional in

increasing short-term yields but are sometimes dysfunctional in the broader context of long-term success and care of the land. Intense single-crop farming and the use of chemicals has destroyed much of our nation's topsoil.⁷

In contrast, small-scale traditional farmers, such as the Amish in eastern Ohio, have prospered while the large modern factory farms have struggled. The Amish have succeeded by attending to the harmonious operation and interrelatedness of nature. These truly functional farms raise healthy food at a reasonable cost, while caring for the soil and the soul of their community.

The positive effects of modern telecommunications also have a downside—the transmission of clear, instantaneous verbal messages is achieved at the expense of the richer, more subtle person-to-person nonverbal communication. Thus, our sophisticated telecommunications are functional in terms of transmitting words but may be dysfunctional in transmitting the true human meaning of conversation.

We believe business education should instill a sense of harmony and beauty in students. Hawken imagines a "prosperous commercial culture that is so intelligently designed and constructed that it mimics nature at every step, a symbiosis of company and customer and ecology."⁸ This might more likely be achieved if MBA students interned on an Amish farm instead of Wall Street or spent a summer developing a musical or artistic talent. A variety of activities observing nature might put future managers in closer contact with the beauty and harmony of our natural world. Designers of man-made systems have much to learn from the natural systems designed by a divine creator.

Myth 5: More is more.

To many managers, success or failure depends on growth—bigger is better. Professor Walter Heller, former chair of the U.S. President's Council of Economic Advisers, stated: "We need expansion to fulfill our nation's aspirations. . . . I cannot conceive a successful economy without growth."⁹ But growth is often mistaken for development. To grow means to increase in

size. Economic *growth* means a quantitative increase in the scale of an economy's physical dimensions. In contrast, true economic *development* makes a community more self-sufficient and more capable of producing to satisfy its own needs and the needs of others.

Mahatma Ghandi once remarked that the poor masses of the world will not be helped by mass production. Rather, they will be helped by production of the masses. Yet, the most common approach to building up an underdeveloped economy is to relocate large companies in poor areas. Often, this kind of economic activity yields short-term growth, but it does not spur long-term economic growth for the poor area.¹⁰

The United States economy is built upon growth. Businesses succeed by stimulating consumption. However, in the U.S. we already use over 40 percent of the world's primary resources to supply less than 6 percent of the world's population. Schumacher notes that this can be called efficient only if it achieves "strikingly successful results in terms of human happiness, well-being, peace, and harmony."¹¹ Certainly, this is not the case in the American society. As populations continue to grow, the time will come when scarce resources will force cutbacks in consumption. Our ecological and social systems cannot withstand ongoing growth.

In business and in our personal lives we should learn and teach the attitude of abundance rather than scarcity, recognizing and admitting when we have sufficient for our needs and being happy with what we have. In many cases material goals and goods have value only until we get them. *Having* them seldom provides us the happiness we are seeking. An old poem states: "Those who seek for happiness by buying cars and gold and rings, don't seem to know that empty lives are just as empty filled with things."¹²

Myth 6: Labor is input.

Too many managers view labor solely as input. This belief drives much of the current trend in downsizing. Too often the value of labor is viewed solely in financial terms. When labor is treated as input, productivity (the ratio of out-

put to input) is increased by decreasing labor. This myth causes numerous companies to look all over the world for the lowest labor cost. Many downsizing and plant-location decisions are made on the basis of labor cost alone, ignoring the fact that labor is a resource. The "labor is input" viewpoint also ignores the fundamental truth that meaningful work has intrinsic value to the person doing the work and to the larger community.

To truly experience labor as a resource, management must see the difference between the value labor adds to a product or service and the cost of that labor. The key for management is not to minimize the cost of labor put into a product, but to maximize the difference between the value added by labor and the cost of that labor.

The Brazilian company SEMCO applies the principle of labor as a resource. SEMCO workers, including those in manufacturing, set their own hours, set their own wages and salaries, and hire and fire their own bosses. They realize it is up to them to keep the company competitive in the long run. These policies are part of a threefold strategy built around democracy, profit-sharing, and open information. Success at SEMCO and other companies clearly illustrates that labor is more than mere input. In the long run, companies that value and support their labor force will foster loyalty, commitment, and innovation, all critical ingredients in improved performance.

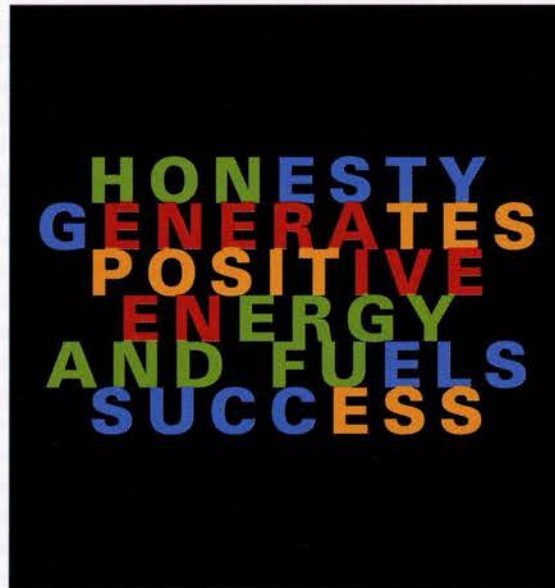
Myth 7: Looking good is the same as being good.

Perhaps the most pervasive myth is that looking good is the same as being good. Business organizations have become so concerned with "corporate image" that they often forget "the corporate heart."

Honesty has energy. People innately recognize honesty in others, and this honesty generates positive energy. Most of us feel a positive difference when we interact with truly honest people. Sadly, most of us witness so much dishonesty and insincerity that

we accept it and ignore it. An honest and sincere business will generate positive, motivating energy throughout the organization.

Many companies' environmental policies are good examples of looking good without a sincere desire to be good. Companies start "green" programs for marketing reasons instead of a true environmental concern. Such programs seldom generate energy, motivate employees, or achieve lasting change or growth. However, when companies focus on their core values and make genuine and honest efforts to do what is right, programs work and have



impact. Migros, the largest retailer in Switzerland, was one of the environmental pioneers. In the early 1980s, when environmental issues were just becoming popular, Migros was already recycling most of its cardboard and pallets. This recycling generated a significant portion of the company's energy needs, achieving greater profitability plus making a difference for the environment. Migros is an example of a company making sincere and sustained efforts to do what is right. These good intentions, when matched with savvy business practices, nearly always bring long-term success.

Myth 8: Good guys finish last.

Too many people believe honesty and integrity are liabilities in business. As this myth has grown in strength, a gen-

eral lowering of ethical behavior has occurred. *U.S. News and World Report* mentioned that 115 of the Fortune 500 companies were convicted of a serious crime during the 1980s.¹³ We doubt that in the 1980s 23 percent of the residents of any typical U.S. neighborhood committed a felony!

Fortunately, an increasing number of companies are showing that good guys can finish first. In the small-business sector, entrepreneurs throughout the land achieve great success by doing what is right. Sacramento, California's, Kim Nead is an excellent example. Kim started a dance-instruction business for

the purpose of building self-esteem in teenagers. Parents and friends of Kim's students were drawn to the honesty and value of this endeavor. Their loyalty and support have made Kim's business a success.

Large companies are also catching on to the idea that being good and honest for the right reasons fuels success. For example, McDonald's has reduced operating costs by \$26 million annually by reducing paper and plastic waste.

Myth 9: Costs can be externalized.

The myth of externalized cost is well illustrated by a *Twilight*

Zone episode in which a woman is given a box by a stranger. The stranger tells her that if she pushes a button on the box she will receive \$2 million. At the same time, someone the woman doesn't know and who doesn't know the woman will die. After much hesitation the woman pushes the button. The stranger returns, gives her the check, and asks for the box. The woman wants to know why he wants the box. The stranger replies: "To take it to someone you don't know and who doesn't know you."

Like the woman from the *Twilight Zone*, many businesses believe the impact of their irresponsible actions will not hurt them. Examples of such actions include polluting the environment, laying off workers because of poor planning, or exploiting scarce resources. Even though problems may

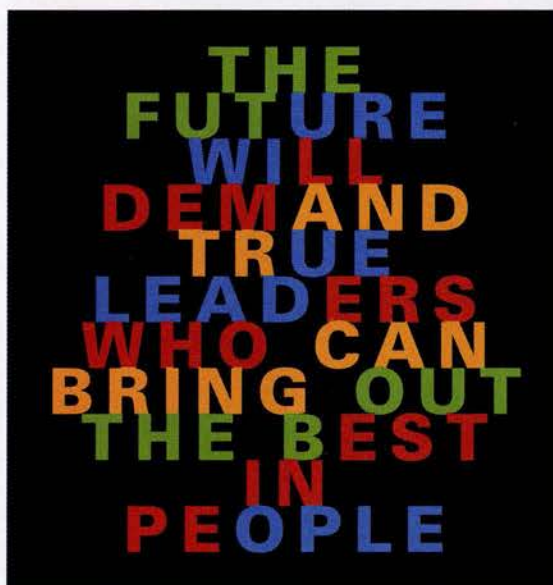
not surface immediately, every irresponsible business action will hurt someone, somewhere, sometime. These costs and problems may seem external to an organization, but they will be borne by someone and by the total system. Many business managers have forgotten what their mothers taught them: Clean up your own mess.

Myth 10: The purpose of a business is to maximize shareholder wealth.

This statement is a standard definition for the purpose of business. It is a myth because it oversimplifies the role of business in society; it fails to capture the broader sense of responsibility in which business must operate. Private-sector business is the most powerful institution on earth, employing more people and utilizing more resources than any other. It can no longer play a neutral role in society. By its very nature, size, and strength, business will be either part of the problem or part of the solution to society's challenges. In this context, one cannot argue rationally that the *only* purpose of business is to maximize shareholder wealth.

Certainly a company must sustain sufficient cash flows to meet present needs and sufficient profits to invest in the future. But focusing narrowly on maximizing shareholder wealth assumes that financial strength is the only measure of success. A business should have a higher purpose than that. Such a company will be a *happier* company and can find the energy and discipline to generate needed cash flows. For example, on the surface, the Body Shop is a skin- and hair-care company. However, to founder Anita Roddick the business is an educational institution committed to environmental and social issues. The Body Shop recognizes that without profit none of the "higher" purposes of the organization are possible. But involvement in higher causes is far more satisfying for employees and franchisees than merely selling soap and counting the money.

The ancient Greeks had two very different words to describe business activities. *Chrematistics* referred to the use of property and wealth to maximize short-term monetary value. *Oikonomia*, by contrast, referred to managing the larger community to increase its long-term use and value to all its members. Defining the purpose of a business as maximizing short-term shareholder wealth places modern Western business squarely in the camp of Chrematistics. We believe that the long-term practice of Chrematistics is deadly to the soul, while the long-term practice of Oikonomia ennobles the soul and



satisfies mankind's greatest and most deeply felt desires.

A narrow focus on maximizing wealth is psychologically self-defeating—no matter how much wealth is obtained, it is never enough. It can also lead to a mentality of scarcity—purchase quickly before the supply runs out. Contrast this to an *attitude of gratitude* which causes us to be grateful for our abundance and to seek more ways to use what we have for good.

SUMMARY

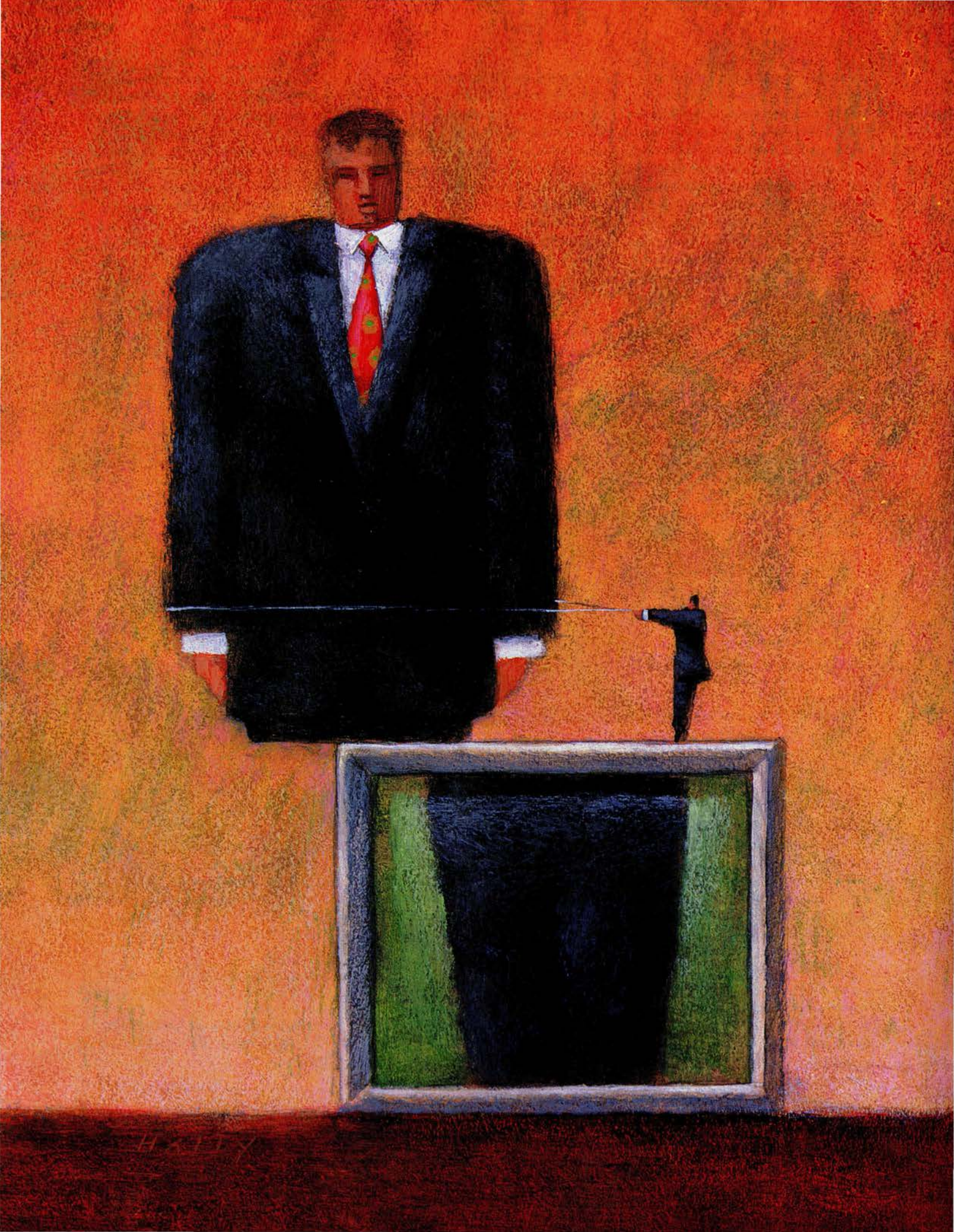
Current business beliefs, paradigms, and practices need to be examined and questioned. Whether we like it or not, future business practices will powerfully influence our lives indirectly and directly.

New beliefs and practices will require a new way of thinking and a new way of managing, perhaps even a new type of executive. We are accustomed to top-down managers who tell others what to do; the future will demand true leaders who can motivate and bring out the best in people.

Most business decisions are driven by measurements that managers choose to gauge progress. Often, managers choose measurements for their simplicity. However, simple measures often distort reality. These wrong measurements lead to wrong actions that lead to wrong results. To correct these problems, businesses must determine good and desirable results and then choose measures that truly reveal progress toward those results. These more helpful measures will continually guide businesses to take appropriate actions. This new style of management, with new measurements and proper social responsibility, will require greater wisdom, honesty, and commitment from each of us. E

Notes

1. Ricardo Semler, *Maverick: The Success Story Behind the World's Most Unusual Workplace* (New York: Warner Books, Inc., 1993).
2. James Trefil, *Reading the Mind of God* (New York: Charles Scribner's Sons, 1989).
3. Semler, *Ibid.*
4. Tadao Umesao, quoted in *Cities and the Wealth of Nations* (New York: Random House, 1984).
5. Jane Jacobs, *Cities and the Wealth of Nations* (New York: Random House, 1984).
6. Max DePree, *Leadership Jazz: The Art of Conducting Business Through Leadership, Followership, Teamwork, Touch, and Voice* (Dell Publishing, 1992).
7. Gene Logsdon, *At Nature's Pace: Farming and the American Dream* (Pantheon Books, 1994).
8. Paul Hawken, *The Ecology of Commerce: A Declaration of Sustainability* (New York: Harper Business, 1993).
9. Walter Heller, quoted in *Small Is Beautiful*.
10. Mahatma Gandhi, quoted in *Small Is Beautiful*.
11. Ernst Friedrich Schumacher, *Small Is Beautiful: Economics as if People Mattered* (New York: HarperPerennial, 1989).
12. Anonymous.
13. Quoted in *Ecology of Commerce*.



Never has service been so widely discussed, yet its delivery remains problematic. Because of ever-changing consumer demands and the evolving role of service, firms have a difficult time creating a perfect match between products and markets. The outcome has been an increase in mismatches or flaws. This article suggests the proper role of service by describing its interaction with product and consumer.

The Characteristics of Service

In spite of much discussion, little attention has been paid to identifying the essential characteristics of service. Understanding four such characteristics is necessary before learning how to apply service strategically.

- *The service moment has a very*

expertise are examples of just how elastic service has become.

- *There is a difference between "implied" and "rendered" service.* As various industries undergo turbulence in the marketplace, implied service has emerged as a marketing strategy. (Implied service is the promise to provide service in the future.) Lengthy automobile warranties give the impression that a service has been offered, even though not actually delivered. This implication provides a margin of perceived insurance against unforeseen product defects. Certainly it is cheaper to imply service than to actually render it.

Remember these characteristics and their interrelatedness when applying service strategies within the context of ever-changing, discriminating consumers.

thus reducing or avoiding post-purchase dissatisfaction. As a result, they are more likely to find flaws in products or services that historically were perceived to be flawless.

Moreover, many well-educated and affluent consumers have the buying power to purchase products or services that may be too technologically advanced, even for them. Here, the consumer may be at fault (flawed), rather than the product or service that is purchased.

By definition, *product flaws* exist when the product is technologically obsolete, is functionally impaired, or does not meet the industry standard for comparable products. Likewise, *consumer flaws* may arise from a consumer's ignorance about a product, unrealistic expectations about a product's performance, personal physical

A COMMENTARY ON A NEW SERVICE PARADIGM

by

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short half-life. This short duration suggests that "you're only as good as the last moment of truth with the customer" (Zemke, 1987). Unlike commodities held in inventory, service cannot be stored. It is an intangible, but the *capacity* to render service can be preserved over time.

- *Service half-life can be extended through consumer loyalty.* A positive service experience for a customer can foster consumer loyalty and convert a brief encounter into a positive memory, thus extending the shelf-life of service.

- *"Service elasticity" is the capacity to carry out several distinct service strategies concurrently.* For high-tech products, the strategy aimed at the first-time user is generally different from that extended to the expert. Different strategies for products operating simultaneously within different languages, cultures, and degrees of

The Relationship Between Product Flaws and Consumer Flaws

Many industries have long focused on creating a near-perfect match between product and consumer, attempting to ensure a successful cascade of events leading to satisfied customers, increased sales, and higher profits. Until recently, however, insufficient attention has been given to the other side of marketing strategy; namely, dealing with flaws or, in other words, focusing on those marketing exchanges that are less than a perfect match.

Greater affluence and education have contributed to higher levels of sophistication and discrimination regarding purchase decisions. Consumers are increasingly willing to investigate and research products and services prior to making a purchase,

or mental impairment, or loyalty to a product that is clearly inferior to industry standards.

The notion that "the customer is always right" may be challenged when one considers all these potential flaws. This does not mean that customers are not able to make prudent purchase decisions. Rather, consumers of certain products may not always be able to make well-informed decisions. Hence, businesses must acknowledge the reality of potential consumer flaws.

The dynamic nature of potential purchase dissatisfaction has led to the development of a flaw-paradigm model that seeks to explain the relationship between product or service flaws and consumer flaws. Figure 1 maps the relationship between the two independent variables of product flaws (vertical axis) and consumer flaws (horizontal axis).

**FIGURE 1:
THE FLAW PARADIGM**

PRODUCT FLAW	HIGH	Flaw Finder ②	Wild Card ③
	LOW	Honeymoon ①	Scapegoat ④
		CONSUMER FLAW	
		LOW	HIGH

The independent nature of the two types of flaws dictates that a change in one does not necessarily create a change in the other. For example, a novice new-car buyer (flawed in understanding what to look for in a new car) may be attracted to an automobile dealership that sells low-quality cars (flawed product). To the novice, all dealerships may look the same. Therefore, a higher-quality car sold at one dealership reduces the product flaw but does not necessarily make the novice any wiser. The reverse also seems to be true—a novice who spends time studying cars prior to purchase, thereby improving product knowledge and reducing consumer flaw, does nothing to change the quality of the car. Isolating these variables allows one to study individual cases of either a product flaw or a consumer flaw. Moreover, service strategies can be identified and applied to the model to help reduce or eliminate both types of flaws altogether.

The flaw paradigm identifies four situational relationships (product-consumer moments) that exist between products and consumers. An explanation of each situation and corresponding quadrant of the model follows.

- *Honeymoon (Quadrant 1).* The honeymoon situation exists when both the product and the consumer have relatively few flaws. This relationship constitutes a good match, with product rejection unlikely.

Example: In 1964, Ford Motor Company introduced the Mustang. This product met a consumer need, acceptance was high, and figures released on

January 2, 1965, revealed that the company had set a record in worldwide sales (Abodaher, 1982). More recently, Ford introduced the Taurus which, like the Mustang, has experienced record-breaking acceptance and sales.

- *Flaw Finder (Quadrant 2).* This relationship is the result of a product with noticeable flaws matched with a consumer who is relatively flawless (i.e., a consumer with good product knowledge, resulting from careful study or experience).

The computer "hacker" who is experienced and well versed in computer jargon is a prime example. Often, computer hackers will inform computer manufacturers of product flaws such as software program glitches. Moreover, a hacker can use this knowledge in destructive ways, as has been demonstrated with regard to the outbreak of computer viruses. In short, the hacker knows and expects more than the product can deliver.

- *Wild Card (Quadrant 3).* Of the four situations or relationships in this model, the wild card is the most difficult to predict. This relationship is a combination of extensive flaws in both product and consumer.

Example: A few years ago, a Veterans' Administration hospital located in Southern California was identified as having an excessive mortality rate for open-heart surgery cases (high product flaw). As a result, this facility was asked to close its heart surgery unit, thus requiring patients to go elsewhere for this particular surgery. Local veterans and their families lobbied against closing the cardiac unit for the sake of convenience and access (high consumer flaw). It is apparent that the greater risk of dying (product flaw) being supported by veterans lobbying to keep the cardiac unit open (consumer flaw) is volatile and dangerous. Clearly, there is no winner.

- *Scapegoat (Quadrant 4).* The fourth relationship consists of essentially a flawless product matched with a flawed consumer. In this situation, a consumer may reveal incompetency (consumer flaw) by transferring blame to the product.

Example: In this high-tech age, many consumers lack an understanding of the complexities associated with computer systems. Some home and business computer systems, and even some VCR remote control devices, are so advanced and sophisticated that the typical consumer is clearly illiterate. Often we hear a person exclaim, "There must have been a glitch in the program," passing the blame to the computer to cover up either personal error or real incompetence.

Service Strategies for Responding to Product and Consumer Flaws

Traditionally, businesses have responded differently to product and consumer flaws. Some responses have been quite responsible, others somewhat questionable. Figure 2 illustrates several of these responses.

Whenever a flaw is uncovered, businesses may exercise a knee-jerk reaction to correct some element in the product. As our model illustrates, however, not all flaws are product flaws. Thus, the best response in some cases is a service-improvement strategy, rather than a product-improvement strategy.

For example, the technology explosion has resulted in consumers interacting with products that far exceed their user competency. This interaction between an ignorant public and advanced technology is inherently unstable, and it fosters scapegoating. To counter scapegoating, providing meaningful service seems the most successful approach. Service can be the mediating stabilizer in an otherwise difficult interface. The personal computer industry has responded by creating a subspecialty of programmers who enhance "user friendliness." This problematic interface is not confined just to computers—personal encounters on a daily basis with "smart" phones, automobiles, automated banking, and even home entertainment toys reinforce our sense of relative technological incompetence. The right kind of service offsets these problems by buffering us from incomprehensible technical complexity.

This is not to suggest that product flaws can go unchanged if adequate

service is provided. Stated axiomatically, *not all problems have service as their solution, but all solutions should include an element of service*. How this can be achieved is best demonstrated within the context of the four consumer-product moments.

The Honeymoon Strategy: Remind Consumers How Good It Feels to Be “in Love”

Under the best conditions, the added value of service makes an already valued product a superior product. This optimal condition is called the honeymoon of product and consumer. For many reasons, this desirable state is both unstable and less frequent than the other dynamics illustrated in the model. The problem inherent in being “on a honeymoon” is that it cannot last. (The parallel truism is that being No. 2 is easier than being the leader.)

The logical service strategy is to prevent slippage from the honeymoon and to maintain the consumer-product moment. Such efforts are referred to as

goalkeeping strategies. For example, some products seem to lead a charmed existence and maintain a market position in which the reputation or aura is enough to sell the product. No better example can be found than Southern Californians’ love affair with luxury automobiles. The cachet attached with BMW, Lexus, or Mercedes is its own justification for ownership. In these cases, the consumer-product moment *starts* in the honeymoon position. The goal of service is to prolong this desirable state.

Interestingly enough, the most successful strategies in this regard refocus the consumer’s attention away from the commodity aspects of the product and toward the intangible perceived benefit of ownership. Whatever it is that sells these cars in such large numbers, it isn’t a need for basic, reliable transportation. Accordingly, the service component for luxury automobiles emphasizes the intangible benefits of ownership. In other words, the way to keep Porsche owners happy is to remind them both subtly and directly

that they are having an experience reserved for a chosen few. This can and will be surrounded with a variety of pseudotechnical justifications for ownership, but the real reason is that it feels good just knowing that parked outside your home or office is your Porsche. Thus, the goalkeeping strategy to prolong the honeymoon is to remind the consumer how good it feels to be in love.

A pattern of relative resource consumption is inherent in goalkeeping versus goal-seeking strategies. All other variables held constant, it is less resource intensive to preserve the honeymoon than to move the consumer-product moment toward it. This idea has numerous iterations within organizational theory and practice. For example, it is easier to maintain balance than to create it, and it is easier to keep a customer than to find one. The point is this: If the consumer and your product are in the honeymoon suite, you’re going to have to work to keep them there. If they’re not, you’re going to have to work even harder to get them there.

**FIGURE 2
BUSINESS’ TRADITIONAL RESPONSE TO PRODUCT FLAWS**

Product	Flaw	Paradigm Type	Business’ Response
Thalidomide	Produced birth defects in subsequent offspring	Wild Card	Ignoring the flaw
Saccharine	Cancer-causing effects; bitter aftertaste	Flaw Finder or Wild Card	Offering a substitute (e.g., Aspartame/NutraSweet®)
Latex Surgical Gloves	Grossly inferior quality	Flaw Finder	Producing more of the same (e.g., proliferation of inferior imported latex surgical gloves from Asia)
Audi 5000	Automatic transmission failure	Flaw Finder	Recalling the product for repairs
User Manuals	Personal ignorance or incompetence	Scapegoat	Educating the consumer
V.A. Hospital	High mortality rates for some surgeries	Wild Card	Denying the flaw exists
Leaded Paint	Environmentally polluting; potential for lead poisoning in children	Wild Card	Stopping all future production of the product
Warranty Repairs	Product breakdown	Flaw Finder	Providing service that renders the flawed product acceptable to the consumer

The Flaw Finder Strategy: Encourage More Consumer Criticism, Not Less

The problem with flaw finders is that most often they are right. When the computer hacker starts complaining about a product, watch out. He or she will be perceived as a knowledgeable and objective critic; and depending on where and how the criticism is aired, a manufacturer’s product may be in trouble. This is especially true in markets (such as personal computers) where obsolescence means failure.

To cope with flaw finders, the service strategy can either try to convince the critics that they have unrealistic expectations (not recommended) or encourage them to suggest program enhancements and product refinements. The idea is to encourage more constructive criticism, not less. Flaw finders are more likely to tolerate perceived product flaws if they feel their comments are welcomed and taken seriously. For example, BMW motorcycle owners as a group are

(continued on page 26)

A HEARTFELT THANKS TO WILLIAM R. SIDDOWAY

By Larry D. Macfarlane, Editor

WHEN Marriott School Dean K. Fred Skousen was asked by a visiting businessman how he was going to replace retiring Associate Dean Bill Siddoway, the dean shook his head in frustration and replied, "There's no way you *can* replace a Bill Siddoway."

"I know that sounds exaggerated," he acknowledged, "but I don't say that sort of thing casually. Bill is really a very exceptional guy. What he brings to our organization is the rarest combination of management and administrative qualities. He is a right-brained visionary with the street savvy to make his visions come true. He not only thinks into the future, but he has the uncanny ability to pick the right people for a job, then convince them of the potential he sees in them while he guides them through 'land mines' to achieve the results."

Dean Skousen's lofty praise reflects Bill Siddoway's reputation for getting results. It's a reputation that has led Bill through a broad array of top-level administrative assignments during his 38-year career. It began in the fall of 1956, shortly after receiving his MBA from the University of Indiana. Bill and his wife, Nila, headed to the West Coast, where Bill had accepted a teaching position at San Jose State College. He taught business there, but it wasn't long until he was tapped to be assistant to the president, a post he held until 1962, when he and Nila and two young sons, David and Robert, moved to Provo, Utah, where Bill became the dean of Admissions and Records at BYU. During the next 10 years, Bill also served as assistant to Acting BYU President Dr. Earl C. Crockett for 18 months, then as assistant academic vice president.

In July, 1972, Bill—with his family now six-strong after the addition of daughters Jolyn and Michelle—interrupted his academic career to accept a three-year call as president of the New York Rochester LDS Mission. Bill's volunteer service was not unexpected by those who knew him, since it followed earlier Church service as a bishop, high counselor, and stake pres-



ident. With some 240 missionaries to supervise, plus four Church historic visitors centers (Joseph Smith Home, Martin Harris Home, Hill Cumorah, and the Peter Whitmer Farm) and the annual Hill Cumorah Pageant to oversee, Bill's time away from academia was again filled with the administrative duties for which he had demonstrated special skills.

Even earlier, Bill's combination of management skills and commitment to his Church had been recognized. Elder David B. Haight of the LDS Church's Quorum of the Twelve Apostles, was

among those who noticed Bill. "I recall in the early 1950s—just after I was called as President of the Palo Alto Stake—an outstanding young man by the name of Bill Siddoway became visible," he recalled. "Bill was a returned missionary, very bright, with a strong testimony—the type that stake leaders are happy to have available. Bill was the type who could serve in almost any capacity, and with his engaging personality, people would respond to his leadership. We soon were using him in stake youth activities and, later, in a bishopric, and subsequently he became a stake leader."

Upon his return to BYU in the fall of 1975, Bill was appointed director of Research Administration. Two years later he became dean of Continuing Education, where he spent the next nine years. It was in the Continuing Education post where Bill got the opportunity to oversee some significant campus expansion. "Being a part of planning and funding the Harmon Building and the adjacent Conference Center was a great responsibility and also a great thrill," he later observed.

In 1985 Bill assumed his current position as associate dean of the Marriott School of Management. These past nine years have seen him take a highly productive role in expanding the Management School's reach.

Paul Thompson, president of Weber State University, was dean of the Marriott School when Bill started. "We talked Bill into joining us because we were looking for ways to strengthen our external relations," Thompson recalls. "He gave it a tremendous boost for us. Previously, we had no focus to our program, and Bill just walked in and pro-

vided it. He developed a specific plan on how we should proceed to contact people outside the school who could help us. He convinced a lot of people to lend their support. He attracted people to serve on our National Advisory Council and our Entrepreneur Founders, to participate in our Executive Lecture Series, and to make financial contributions to the school."

"For a guy to accomplish everything Bill did is very impressive," Thompson observed, "He was able to do it because he is a true people person. He knew a lot of people, and it seemed that people really took to him. He had the ability to put people at ease and to demonstrate that he cared about them. The Marriott School owes him a huge thanks because he did a lot of great things for the school that made it significantly better than it had been before."

Management Society National chair Bob Haight and one of his predecessors, LaVoy Robison, feel Bill's help has made all the difference in directing the society chapters throughout the nation. Both have been closely associated with Bill in his capacity as administrative advisor to the Management Society. Both have worked with Bill to train new chapter board members. And both have credited Bill with providing the insight and direction required to establish new chapters, develop a uniform training program for their officers, and motivate their leaders to high levels of activity in support of the Marriott School.

LaVoy Robison, National Management Society chair from 1989 to 1992 and a partner in Peat Marwick, calls Bill "the kind of a team player who does his work by encouragement, patience, and idea-sharing. He never usurps authority, but suggests solutions, then rallies others to put the solutions in place. He has very good organizational ability, and he always provides research materials and does a lot of legwork. With such good support, it would be very hard not to succeed. It helped, too, that he had a clear vision for the organization. Bill is such a competent and gentle person that it would be hard not to say a lot of nice things about him."

Drawing on his extensive management experience as a vice president of Smith Barney Shearson, current

Management Society National Chair Bob Haight observes that "Bill has the unique ability to look through chaos and see order. And he achieves the order in a way that makes people feel good. He makes you feel welcome and appreciated. He always thanks you and compliments you—whether your contribution is large or small. His trademark is graciously thanking people for their service. As a result, people always leave Bill eager to do their best."

That, says Haight, is one way he keeps people motivated. The other is by his ability to convey his vision of the future. "He wants to involve people who can see the vision," Haight observes, "because he has a mental map of how to realize the vision—with the help of those who will see it with him. Because of his great sense of caring for people, he has the ability to not only see the vision, but to communicate it to others as they work toward its completion."

Emily Hart, director of the Marriott School's Alumni Relations Program and an associate of Bill's since the day he came to his current position, says "his departure will leave a tremendous void." In her judgment, Bill's contributions have been in "being an idea man" and "being an ambassador for the Marriott School."

"Bill can cut to the heart of things faster than anyone I've ever seen," Emily observes. "He can quickly spot problems and then identify solutions for them. And usually his solutions take the form of ideas that he helps other people to implement. He first conceived the ideas for the Entrepreneur Founders, the Dean's Seminars and the Campus Chapter of the Management Society," she noted, "and yet he takes no credit for the original ideas. He prefers to plant the seed of an idea, then run interference for others while they put the idea into reality. He's always supportive and an excellent builder of people."

According to Emily, Bill's "ambassadorship" for the Marriott School is his other great legacy. "He has assisted with the fund-raising to a great extent because of his knack with people. He is a convert to the Management School, himself, and he's converted many others to it. He's honest and open in selling the school to people with whom he

has cultivated genuine friendships. He somehow comes up with good matches between the school's financial needs and the ability of its supporters to make contributions."

Bill's leadership credo seems to be summed up in the "Five Leadership Keys" he had printed on laminated wallet cards, so he could share them with others:

1. Delivering a *clear vision* of your organization's reason for existing.
2. Providing direction so that *commitment* to the *vision* results.
3. Building an *environment for achievement*, for creative development of self and others.
4. Basing everything on *values* and principles so that individuals in theor-
ganization can grow.
5. *Recognizing, celebrating, and starting* for the next mountain top.

Equally reflective of Bill's approach to getting results is the profile of a good leader (by Chinese philosopher Lao Tzu) that is printed on the other side of that oft-shared wallet card:

A leader is best

*When people barely know that he exists,
Not so good when people follow and
acclaim him,
Worse when they obey and despise him,
"Fail to honor people,
They fail to honor you."
But of a good leader, who talks little,
When his work is done, his aim fulfilled,
They will all say, "We did this
ourselves."*

Like Lao Tzu, Bill Siddoway would have liked this bit of editorial recognition better if it contained no lists of accomplishments or plaudits from current and former associates. For including them anyway, I can say I am sorry. However, lacking the know-how to appropriately characterize the service of this exceptional man without citing some of his many "results," my apology is halfhearted. Further, as Bill nears his year-end retirement, I will repeat an overused cliché—one that I have heard frequently since I began writing this clandestine tribute—and say to him, on behalf of all who have had the privilege of his association, *You'll be missed*—in the most heartfelt and complimentary sense. ■

Julie Hite—A Student in the Spotlight

JULIE HITE is a student who makes things happen. Through her personal experiences in business and her eagerness for further development, she has been able to recognize broader career opportunities and capitalize on them. Students like Julie help to enhance the overall education in the Marriott School of Management.

Business Experience

Julie began a small typing business in Provo as her husband, Steve, finished his master's degree. With a few posters on campus and some advertisements in the paper, Julie was able to build a clientele. Soon after, Steve was accepted into a doctoral program at Harvard, and they were shortly on their way to Boston.

In Boston, Julie started the typing business again. She quickly realized, however, that word processing and computers were the new direction in business. She built a strong clientele through her typing, word processing, and desktop publishing skills, often working up to 15 hours per day.

Through her business, Julie was able to work with many small companies in the Boston area. To her surprise and satisfaction, Julie's clients treated her as a business partner and a peer. They also provided valuable mentoring and business opportunities. One client asked Julie to be his office manager, working 20 hours per week. He even allowed her to bring her infant son with her to work so she would be able to accept the job.

Another client requested that she teach his whole company how to use WordPerfect. The same client gave her the idea to become a WordPerfect Certified Instructor, which she did the next year.

After her first computer training seminar, Julie started a training business. She developed her own curriculum and marketing plan and began to change her business focus to training. She has maintained her certification since that time and still does consulting

and training for small companies.

Between her other business activities, Julie has maintained a publishing company with Steve. Together they have written two books, and Julie has managed the publication, marketing, and distribution of both. Through this business, Julie has gained knowledge that



will help them both to publish books and papers on other topics, like their favorite topic of women in education and business.

Publications

Not every student can say as they leave school that they have published works and papers they have prepared as students. Julie is an exception to the rule. Since January 1993 Julie has been working as a research assistant for Dr. Hal Gregersen in the Organizational Behavior Department. Julie and Dr. Gregersen have worked on an article entitled "Performance Appraisal Policies for Expatriates in U.S. and Canadian Multinational Firms" that has been submitted for publication. Julie presented the paper to a group of international academicians at the Academy of International Business Meetings in Hawaii October 24, 1993.

In addition, Julie was a coauthor of

a book chapter addressing the issue of evaluating the performance of expatriates. The chapter, entitled "Expatriate Performance Appraisals—Principles, Practices and Challenges," will appear in *Expatriate Management: New Ideas for International Business*, edited by J. Selmer.

Other's Views

"If I had a business with all employees like Julie Hite, we would always win in the competitive marketplace," says Dr. Gregersen. He emphasizes that Julie's eagerness to learn, her innovation, and her incredible work ethic make her an invaluable asset to any company.

Dr. Gibb Dyer, director of the MOB Program, also sees great potential in Julie. In his eyes she is one who will go the extra mile, who will try to get involved, and who will try to understand. "She is the caliber of person we would want on our faculty."

Personal Views

Julie lives each day to the fullest and takes advantage of the opportunities she has. She believes that you have to "... see that there are options, [and] open them up for yourself. ..." Each business experience and educational experience has resulted from her ability to see the options and follow the one that would best fit her needs.

In addition, Julie says that keeping priorities and values straight has helped her to be successful. "Some options work, and some do not. You need to seek out the ones that will help you reach your goals and will also fit into your scheme of values and priorities."

Future Plans

Currently, she is looking at options in teaching, in consulting, or in joining the corporate world. With her husband in academics, a natural course would be to continue her education, earn a doctoral degree, and teach and research at one of the local colleges or universities. However, each option needs to be evaluated before making a final decision.

Julie is another example of the high caliber of students that dominate the student body in the MSM. E



1993-1994 YEAR IN REVIEW

The J. Willard and Alice S. Marriott School of Management
Brigham Young University

Financial Profile Changes Slightly for 1993-1994

Summaries of cash inflow and outflow showed a slight change in revenue and expense distribution for the 1994 fiscal year, according to Marriott School Dean K. Fred Skousen (see chart). Most significant was a slight reduction in the percentage of total cash inflow accounted for by the university budget. For fiscal year 1993, the university budget represented 79.5 percent of the total cash inflow, while in fiscal year 1994 the university budget accounted for 75.7 percent—down 3.8 percent. Taking up the slack in cash inflow were the categories of “Endowments” and “Interest and Other Revenues.” Endowments represented 7.1 percent—up 2.2 percent from 1993’s 4.9 percent. Interest and Other Revenues accounted for 9.8 percent, up 3.0 percent from the 6.8 percent figure of one year ago. Conversely, “Gifts and Grants,” while up in real dollars (see story on Leadership Alliance), declined slightly to 7.4 percent of total cash inflow, compared to 8.8 percent in 1993.

On the outflow side, the distribution of expenses was also slightly changed from last year’s figures, but to a lesser degree than income distribution (see chart). Most significant was the change in expenditures on “Student Support,” which rose to 11.0 percent of total outflow, compared to 9.5 percent for fiscal year 1993. The other major categories of expenses changed less than one percent each. “Operations,” representing expenditures for supplies, travel, etc. accounted for 11.1 percent of outflow, compared with 12.0 percent in 1993. Expenditures on capital equipment and computer services were down .5 percent to 3.0 percent, compared to 3.5 percent one year ago. Similarly,

“Administrative Support” was down to 8.3 percent from 8.7 percent in fiscal year 1993. Faculty salary expenditures were virtually unchanged at 66.6 percent of outflow in 1994, compared to 66.3 percent in 1993.

Graduate Student Placements Remain High in 1994

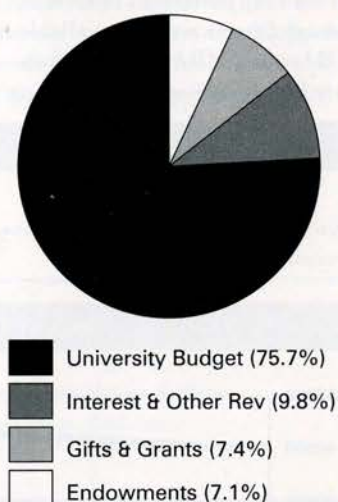
Career Services Director Bill Brady reported that 1994 graduates of the Marriott School’s four master’s-degree programs continued to be highly sought-after, according to figures released September 30 by his office. Some 97 percent of MBA graduates were placed by August 31. Only one percentage point behind, 96 percent of MAcc graduates were hired, along with 94 percent of MOB graduates, and 83 percent of MPA graduate students (see chart on next page). When compared to nationally published placement figures for the nation’s top schools, these placement figures position the Marriott School among the elite schools of business in the country.

According to Brady, the high placement figures reflect concerted activity on the part of companies to recruit Marriott School graduate students. He reported that 89 companies recruited MSM graduate students on campus, while another 166 companies made off-campus contacts. Some 176 visits were made to companies by Marriott School graduate students from the four master’s-degree programs.

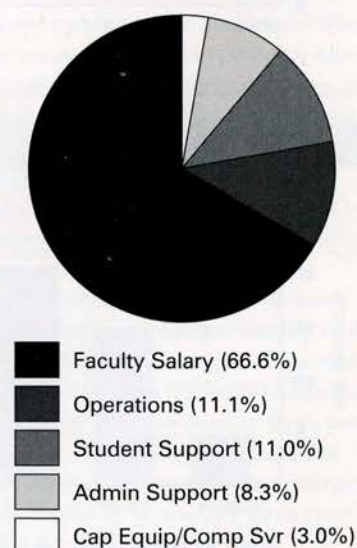
Brady explained that the appeal of Marriott School graduate students is their reputation for being mature, stable, academically well-grounded, and linguistically superior to their counterparts at other leading business schools across the nation. Using the ’96 MBA class as an example, he pointed out

MSM 1993-94 FINANCIAL SUMMARY AUGUST 31, 1994

SUMMARY OF CASH INFLOW



PROJECTED SUMMARY OF CASH OUTFLOW



that the average MBA student is 27 years old, with maturity gained from experience on LDS missions and employment following undergraduate schooling. Some 75 percent of MBA students have served LDS missions, 46 percent are married, and 55 percent have full-time work experience. In addition, nearly 80 percent are bilingual, speaking a total of 22 languages. Average GMAT scores are 608 (85th percentile) for domestic students, and 551 (68th percentile) for international students. The average for all MBA students in the Marriott School is 598 (83rd percentile).

Salaries paid to departing graduate students have apparently kept pace with the lofty placement figures. Although figures are only available for the MAcc and MBA programs, base salary figures indicate solid starting

salaries in both programs. For MBA graduates the range of starting salaries was \$30,000 to \$118,000, with a mean of \$49,000. The MAcc graduates received salaries ranging from \$22,900 to \$51,000, with a mean of \$34,000.

Using the MBA salaries as an example, Brady observed that salaries for Marriott School master's-degree students continue to rise from year to year (see chart). In the past four years (since 1990), mean starting MBA salaries for Marriott School graduates have risen from approximately \$38,000 to this year's \$49,000, an increase of approximately 30 percent. The distribution of 1994 starting MBA salaries shows that 41 percent of graduating students received between \$40,000 and \$49,000, while the next-highest category—some 16 percent of students—received starting salaries ranging from

\$60,000 to over \$64,000 (see chart).

According to additional data provided by the Marriott School's Career Services Office, the mean starting salary for MBA students is influenced by the amount of work experience students have, whether their undergraduate degree is technical or nontechnical, and by the functional area in which they specialized in their graduate studies during the MBA program (see charts on next page). Starting salary is also influenced by geographic area (see chart).

Mean starting MBA salaries, for example, range from \$44,000 for students with less than one year of work experience to \$56,000 for those with more than four years in the workplace. Students with one to two years experience receive \$8,000 more in minimum starting salaries than those with less than one year experience, and \$3,600 per year more overall. The biggest jump in mean starting salary, however, comes between two to four years experience and more than four years, when the maximum salary increases from \$75,000 to \$118,000 and the overall mean rises from \$49,500 to \$56,000.

This year's graduating MBA students with technical undergraduate degrees had mean starting minimum salaries that were \$5,000 per year higher than their nontechnical counterparts, and also nearly \$3,000 per year more overall. However, the highest individual salaries were paid to students with nontechnical undergraduate degrees, where the range of salaries had a maximum of \$118,000, compared to a maximum of \$75,000 for technical undergraduate degrees.

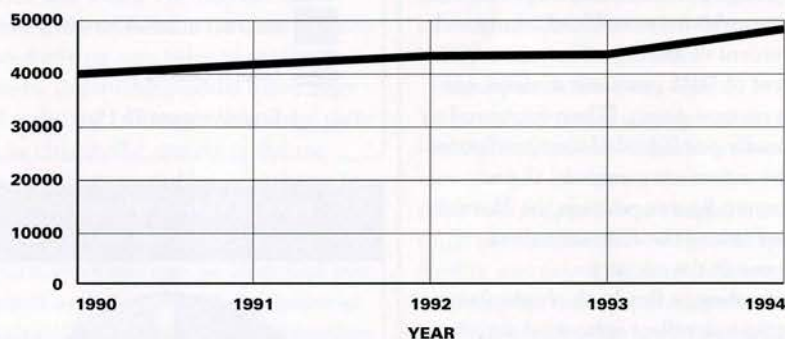
Those 1994 MBA graduates with consulting and marketing specialties received the highest mean starting salaries, tying at \$53,000. The highest salary paid was received by a marketing graduate, who started at \$118,000. Graduates with specialties in the categories of Finance (\$50,250) and "Other"—including advertising, general management, human resources, law, and sales—(\$49,000) were next highest in starting salaries. Next were graduates in "Operations" (\$42,700) and "Health Care" (\$35,300).

Geographically, there was a decided advantage in mean starting salaries for

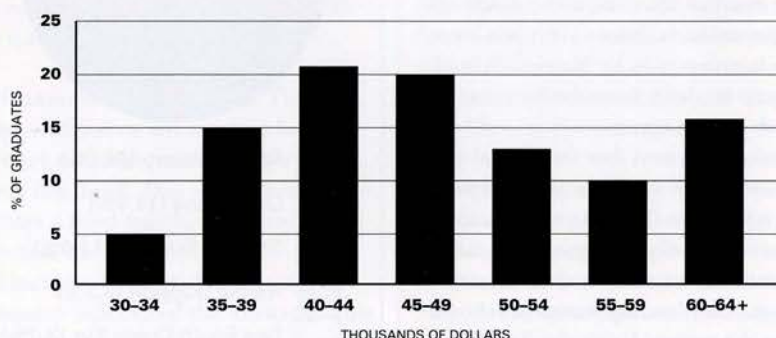
PLACEMENT REPORT-CLASS OF 1994

	MBA	MAcc	MOB	MPA
Number of Graduates Per Program	92	90	12	25
Percent Placed	97%	96%	94%	83%

MBA MEAN SALARY HISTORY



1994 MBA SALARY DISTRIBUTION



those students who accepted international employment (\$77,000).

Next in mean starting salaries were those who went to work in the Midwest (\$53,000), and on the West Coast (\$48,000), with jobs in the East and South (\$44,250) and the Rocky Mountain (\$43,600) regions rounding out the geographic distribution of the 1994 graduates.

Contributions to Leadership Alliance Continue to Grow

In its third year, the Leadership Alliance had its most successful year, continuing its steady growth in fund-raising. MSM Development Director Ron Seamons reported receipt of \$2.24 million in 1994, compared with \$1.73 million a year ago and \$1.6 million in 1992.

The breakdown provided by Seamons showed \$208,023 received in gifts-in-kind, and \$2,036,024 in cash contributions.

The Leadership Alliance was formed in October, 1991, to secure the external funding necessary to assure excellence in management education. Such funding has previously provided expanded opportunities ranging from student scholarships and fellowships to funding entire programs, such as the Center for Entrepreneurship and the Institute of Retail Management. The Leadership Alliance is the coordinating center for all MSM fund-raising, thereby avoiding duplication of fund-raising expenses. The Leadership Alliance board is intent on matching the Marriott family's gift of \$15 million by December 31, 1996.

Fund-raising priorities for the remainder of the multiyear campaign include: Centers of Excellence, \$7.5 million; Endowed Scholars Program, \$5.0 million; and Dean's Endowment, \$2.5 million. The 1995 stage of the campaign will focus on the Centers of Excellence, which will raise funds for the International Management Center, the Center for Entrepreneurship, and Center for the Study of Values in Organizations. It will be part of a major university-wide capital campaign designed to improve teaching and learning.

The program is guided, under the direction of Dean K. Fred Skousen, by an executive committee chaired by Richard McFerson, president of

SALARY BY EXPERIENCE, TYPE OF DEGREE AND FUNCTIONAL AREA

MBA SALARIES BY EXPERIENCE

EXPERIENCE	% OF CLASS	RANGE	MEAN
Less than 1 year	28	\$30,000-\$70,000	\$44,600
1 to 2 years	16	\$38,000-\$70,000	\$47,600
2 to 4 years	33	\$35,000-\$75,000	\$49,500
More than 4 years	23	\$35,000-\$118,000	\$56,000

MBA SALARIES BY TYPE OF UNDERGRADUATE DEGREE

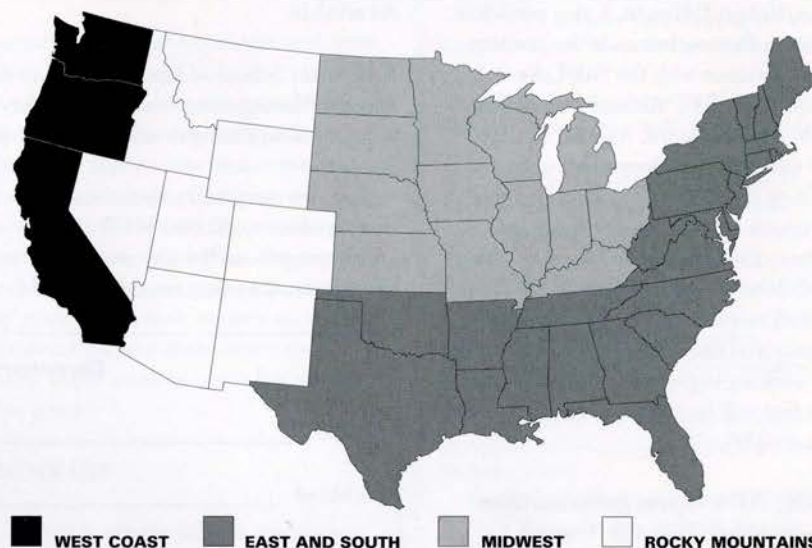
UNDERGRADUATE	% OF CLASS	RANGE	MEAN
Nontechnical	72	\$30,000-\$118,000	\$48,350
Technical	28	\$35,000-\$75,000	\$51,250

MBA SALARIES BY FUNCTIONAL AREA

FUNCTIONAL AREA	% OF CLASS	RANGE	MEAN
Consulting	11	\$41,000-\$70,000	\$53,000
Finance	34	\$33,000-\$75,000	\$50,250
Health Care	5	\$30,000-\$38,000	\$35,300
Marketing	22	\$40,000-\$118,000	\$53,000
Operations	16	\$32,000-\$57,000	\$42,700
Other	12	\$35,000-\$61,800	\$49,000

MBA SALARIES BY GEOGRAPHIC REGION

REGION	% OF CLASS	RANGE	MEAN
Rocky Mountain	40	\$30,000-\$57,000	\$43,600
West Coast	27	\$35,000-\$70,000	\$48,000
Midwest	18	\$38,000-\$70,000	\$53,000
East & South	7	\$42,000-\$48,000	\$44,250
International	8	\$60,000-\$118,000	\$77,000



Nationwide Insurance Company, with the assistance of Vice-chair Ron Seamons, MSM director of Development, and Associate Dean

William R. Siddoway.

Information about the Leadership Alliance can be obtained by calling (801) 378-3801.

Management Society Experiences Continuing Growth and Change

During the 1993-94 year, the BYU Management Society grew in both total membership and number of chapters. Currently, 36 U.S. chapters and 10 international chapters are organized. Alumni in eight other U.S. cities have requested surveys to determine if a chapter is viable for their areas. Requests have been received from Orlando, Florida; Salem, Oregon; Tucson, Arizona; Topeka, Kansas; St. George, Utah; Cody, Wyoming; Ventura, California; and Austin, Texas.

Among the activities sponsored by Management Society chapters have been Dean's Seminars, featuring Marriott School faculty members. Assigned faculty members traveled from Toronto, Canada, to San Francisco, California, and from Phoenix, Arizona, to Minneapolis, Minnesota. Seminars covered topics such as diversity in the workplace, the electronic highway, entrepreneurship, ethics, and white-collar crime. Certificates of completion were provided as evidence of alumni satisfying criteria for their continued professional learning.

This past year also saw major changes in the national leadership of the Management Society. Richard E. Cook, former national chair, was called to serve a business mission in Mongolia. The new chair, Robert P. Haight, a vice president of Smith Barney, brings to the position his experience with the Salt Lake Chapter, the BYU Alumni Board, and the MSM Alumni Board. Another change will take place in December, when William R. Siddoway retires. Delora P. Bertelsen, assistant to the dean, will become the Management Society's executive director and assistant to the chair.

Staff members of the Management Society and the MSM Alumni Association are working to prepare a 600-page directory that will be mailed in January. (See box at right).

MSM, NPA Open Information Technology Lab for Use of Network Professionals and BYU Technical Faculty

A September 28 ribbon-cutting ceremony at the Marriott School marked the

opening of a state-of-the-art, joint-venture computer lab. The lab is primarily designed to serve network professionals and professors from BYU's departments of mathematics, computer science, and engineering and the MSM Accounting and Information Systems Program. It will be directed by Dr. J. Owen Cherrington, director of Information Systems for the Marriott School.

The lab is the product of a partnership between BYU's Marriott School, which provided the space, and the Network Professional Association, which secured approximately \$800,000 worth of advanced computer hardware and software from sponsoring vendors. Equipment and software were donated by Novell, WordPerfect, Microsoft, Banyan, Lotus, Hewlett-Packard, IBM, McAfee, Blue Lance, Cheyenne, and American Power Conversion.

Dr. Cherrington explained that the primary use of the facility will be to meet the advanced information systems needs of BYU's technical faculty. "They can use it to upgrade their computer skills," he explained, "as well as to create course material that is more current and relevant, to conduct research, and to produce scholarly writings."

"Further," he explained, "it is anticipated that network professionals in the area will use it as well. They, too, can use the lab to do research, as well as to work with MSM faculty and other BYU faculty on joint projects. We hope to achieve an advanced level of cross-pollination between professional and academic applications of technical information," he noted, "simply because we think we have a lot to learn from each other that can be mutually beneficial."

Cherrington reported that the Marriott School of Management-Network Professional Association joint effort got started through discussions between Marriott School faculty and local NPA members. "Locally, there is an exceptionally high level of interest in computer networking," he observed, "because the NPA has its international headquarters here in Provo, as well as a local chapter of the association. The association got its start here," he explained. "It was originally called the Certified Network Engineers Professional Association, but underwent a name change to accommodate a broader range of professional applications." E

New Networking Aid to Be Available

A Marriott School of Management Alumni/Management Society Directory is being compiled and will be mailed in January.

The directory will contain information on close to 30,000 MSM alumni and Management Society members throughout the country and the world.

It will be cross-sectioned alphabetically by class, company, and geographical location. Separate Management Society information will also be included.

To order your directory, please fill out this form and mail it to Emily Hart, Marriott School of Management, 490 TNRB, Brigham Young University, Provo, UT 84602, along with a check for \$19.95 made out to Marriott School of Management.

Directory Order Form

Name _____

Address _____

City _____ State _____ Zip _____

Quantity Ordered _____ Amount Enclosed _____

Pizza Hut-MSM Connection

A RECENT ARTICLE in *USA Today* stated that "all college students—no matter what their major—may find it harder to connect with prospective employers in the next few years."

However, thanks to BYU's ongoing partnerships with corporations around the country, a high percentage of 1995 Marriott School of Management graduates already have jobs lined up and have had them secured for months.

One such connection exists between the MSM and internationally renowned Pizza Hut, Inc. Pizza Hut, one of the 12 largest employers in the U.S., recruits Marriott School graduates to work at their national headquarters or in management positions in other locations.

Why Pizza Hut Recruits at BYU

According to the *Pizza Hut Human Resource*, MSM graduates and Pizza Hut have a special relationship built on common characteristics, such as a strong work ethic and integrity. The reason for Pizza Hut's satisfaction in hiring MSM graduates is simple, says Dan Paxton, senior vice president of Human Resources at Pizza Hut. "BYU's Marriott School of Management develops the kind of leaders who have the lifelong learning goals that make them successful in a rapidly-changing environment such as Pizza Hut." The Marriott School demands excellence in its student body and programs, and Pizza Hut hires MSM graduates because they are "highly motivated individuals who will work toward achieving the Pizza Hut mission of providing 100 percent customer satisfaction."

Opportunities at Pizza Hut

For a qualified MSM graduate, Pizza Hut, Inc., provides a goldmine of opportunities since it currently operates more than 10,000 restaurants and delivery units across the U.S. and in 81 foreign countries. The company continues to expand and plans to add

2,400 domestic units in the next five years and more than double the 2,000 existing international operations. Domestic employment will grow in the next five years from the current 140,000 employees to more than 230,000, predicts Pizza Hut's Human Resources Department.

The Right Person for the Right Job—"A Good Fit"

MSM students are encouraged by placement directors to "find a good fit," meaning, a good match between personal needs, skills, and expectations and differing job environments. Bill Aho, John Lauck, Cecilia Jacob, and Jeff Welch, four BYU alumni, found that fit with Pizza Hut. All four of these individuals have embarked on successful careers with the company and have commented on their BYU-Pizza Hut connection.

Bill Aho

Bill Aho's passion for results and mastery of handling change attracted him to Pizza Hut in 1986. He joined the company as a manager of national marketing and rose quickly through the ranks to his current position of division vice president for the Northeast Division. "The key for me was to find a company that matched my values and did business in a way that suited me," said Aho, who earned an MBA in marketing in 1983. "I was surrounded by people who had drawn lines they would not cross," Aho continued, "and because of that they were successful."

John Lauck

BYU graduate John Lauck, who currently works as vice president of New Products Marketing, learned to "think on his feet" as a result of interacting with bright, competitive colleagues while completing bachelor's and master's degrees at BYU. The MSM business program gave Lauck the chance to interact with other students in combining basic skills with case study exercises. Such experiences prepared Lauck to cope with the "results-driven" environment of the business world and to rise to the forefront of his field in an environment of constant change.

Cecilia Jacob

Cecilia Jacob, Human Resources supervisor for Pizza Hut's Southern Division and 1992 MBA graduate, was attracted to the business program at BYU. "The program's emphasis on integration and on working as a team to meet deadlines in the context of one's religious beliefs helps me day-in and day-out," said Jacob, "We're involved at all levels of planning, and that means coordinating people and goals—something BYU's programs brought home for me."

Jeff Welch

Jeff Welch, senior director of Restaurant Development for the Central Division, graduated from the MSM's MBA program and joined Pizza Hut in 1991. "Pizza Hut is a great organization—it gives you the opportunity to apply your skills to a wide variety of disciplines," said Welch. "And at Pizza Hut, you're only limited by how hard you want to work."

Welch became well acquainted with hard work during the rigors of the MBA program at BYU. The program follows an events-driven approach that integrates topics traditionally taught in separate classes.

"Through integrated exercises, I learned how to look at a particular business situation and how to improve it," continued Welch. "That's real life; that's what we do every day."

MSM Placement Program

The placement of graduates in diverse industries over widespread geographical locations speaks highly of MSM graduates' exceptional preparation for the job market. Ninety-seven percent of 1994 MBA graduates, for example, have been placed in professional jobs, the median salary being \$49,000.

Both Bill Brady, MSM Career Services director of Graduate Placement, and Jay Irvine, MSM coordinator for Undergraduate Placement, invite firms that do not currently recruit from the Marriott School to make the connection and benefit from the result. For more information about becoming a part of recruitment at BYU, contact Bill Brady (801) 378-4859 or Jay Irvine (801) 378-4547. □

A CASE IN POINT

The cases presented here are intended to encourage reader participation. Each one provides a challenging, true-to-life management situation. Please share your solution with *Exchange* readers (see instructions at the end of this article).

The Previous Case

You are the owner of a local food processing plant. Your company sorts, cleans, cuts, cooks, and cans fruits and vegetables brought to you by local farmers. Most of the heat for your cooking operation is provided by antiquated furnaces that burn recycled motor oil for fuel. The oil doesn't burn entirely clean, but it meets minimum EPA emission standards and it's cheap, so you burn it anyway, despite the complaints of some local citizens. The complaints are mostly from people who live nearby, but they are largely offset by the support of local merchants and employees who are grateful for the jobs and the income the plant provides to surrounding communities.

Recently, you read an environmental report in a local newspaper suggesting that the recycled motor oil you are burning in your furnaces is the primary source of airborne contaminants, such as arsenic, lead, and zinc, that cause bronchial infections among children. The local and network TV news programs have also covered the study widely, and local reporters have singled out your firm as an offender. According to one newspaper, the Environmental Protection Agency will likely raise its standards within the next year to require plants like yours to phase out the burning of recycled motor oil.

Your challenge is a complex one. There's more to it than the obvious trade-off of clean air for jobs. If you decide right now to stop burning used motor oil, your marginally profitable company will have to incur considerable debt converting to natural gas furnaces. An alternative is to modify the old furnaces for gas, but you're unsure how long the old ones will last or if they're even safe enough for gas-burning. It could cost as much to modify them as to replace them. Another concern is plant closure during modification or replacement. In recent years it hasn't been necessary to close for part of the year because you've managed to arrange for a year-around supply of imported fruit and vegetables. In fact, it is the ability to run the plant throughout the year that has kept the company profitable.

Your Solutions to the Previous Case

- The recommended solution to this case is answered by "running the numbers." I would investigate the cost of the new equipment, as compared to the cost of operation, and evaluate the efficiencies in energy consumption. Perhaps a cogeneration facility could be added, and the company could then sell power back to the local utility. The SBA has a 20-year fixed-rate program (8.75 percent), with 10 percent down, for expansion and new equipment acquisition. The new addition could be built without disturbing the continuous operations of the processing plant and could run parallel prior to conversion to the new energy supply, but only if the return on investment meets the financial objectives of the company.

—Robert A. Hinkle
San Mateo, CA

- The needs of the owner and employees of the company are significant, but the ongoing pollution impacts negatively upon the needs of a larger community. Short-term needs of the company will be best met by not changing, but in the long term community pressures or EPA regulations will probably require that the change be made. It is better to be proactive and begin the change as soon as possible. The media could also be used to publish this community-friendly attitude, making it possible to charge a higher price for the company's product.

—Lee D. Eaton
Salt Lake City, UT

- The present furnaces must be shut down at the earliest possible time. Conversion of the present furnaces to natural gas is not a viable solution. Additional information is required to determine the best course of action. Call in MSM for a case study of the alternatives:

1. Install gas furnaces if the benefits from such equipment will cover replacement and the increased fuel expense.
2. Restructure the business, either financially by bringing in outside financial participation, or operationally, by converting to a distributing operation serving the present customer base.
3. Cease operation, and liquidate the business.

If the EPA does not shut the business down, the environmentalists and the media will do so. Also, the Plaintiffs Bar is eagerly seeking such situations to exploit in the courts. The PR value of independent action should be maximized.

—C. T. Asay
Austin, TX

• Because there is a likely future prohibition to the use of recycled motor oils *and* a moral responsibility to protect the health of the community, I would set in motion a plan to replace the offending furnaces. This could be accomplished without shutting down production if the new furnaces were installed one or more per year as budgets would dictate. This would provide an immediate public relations benefit to the company as well as an immediate improvement of community air quality. The cost of these improvements would also be spread over several years, as the work was accomplished, making it an affordable solution to the challenge.

—William E. Kettley
Aurora, IL

• 1. Consult EPA regarding the newspaper article on the "environmental report." Determine the EPA position on this alleged "hazard," current EPA standards, and any proposed changes in standards.

2. If the hazard is real (EPA), consult furnace maintenance people regarding cost and feasibility of replacement vs. conversion.

3. Notify employees regarding management's concern for quality of environment and efforts being made to eliminate any "hazards." Inform employees (and union) that if replacement or conversion of furnaces is necessary, every effort will be made to avoid plant closure. If it requires temporary reductions in workforce, try to work this out with employees.

—Douglas Holden
Thousand Oaks, CA

• The company lacks the capital and cash flow required to replace antiquated/unsafe equipment. The employees and community, who mutually benefit by the jobs and income, need to be called upon to help.

Employees would be asked for wage concessions in exchange for profit-sharing or an ownership interest in the company. The local government would be asked to provide a temporary tax incentive or abatement with assurances that the company and the income it provides remain local.

The capital needed to pay for the furnaces would be borrowed. The concessions and incentive would supply the means to service the debt. The final hurdle is to install the furnaces without closing, which would be accomplished by installing them one or two at a time.

—D. Reid Jelalian
Northville, MI

• This is going to be a common problem in several industries in the next few years. A two-fold approach must be accomplished:

One, seize the opportunity to turn the publicity into a positive factor. Go public in your cry for help from local merchants and employees about how to make the necessary changes to upgrade your furnaces with your limited financial resources. This will bring to light both your desire to be an environmentally clean business as well as the difficulty in doing it with limited financial resources.

Two, as an entrepreneur you must persevere by figuring out the maximum time you could reasonably continue to burn motor oil while planning to upgrade. Take into account cost, loss of business to convert, what competitors are doing, what financial assistance is available, etc.

—Charles E. Hamilton
Silver City, NM

The New Case

You are the Human Resources director of a high-tech company with 1,150 employees. You have just concluded a meeting with the CEO and the chief financial officer in which you have learned that earnings are going to be worse than expected at the end of the current quarter, due to cancellation of a major industrial contract. The worst of the news for you, however, is that the CEO has requested you to propose a plan for employee layoffs that will save the company \$60 million in annual expenditures.

The CEO has already explored alternatives to the layoffs and has made up his mind that no other single adjustment or combination of adjustments will be feasible. He has made it clear to you that layoffs must occur within the next 60 days. Your only recourse is to recommend how the cuts are to be made.

As you consider your choices, you realize that you must confer with other officers of the company. Making

recommendations without knowing the operational impacts on the business would be unthinkable. Clearly, this is not just a simple matter of choosing whether you lay off a lot of lower-seniority, lower-paid employees vs. declaring as surplus fewer higher-salaried managers. Having enough experience to handle today's challenges must be a consideration, of course. However, there is a need for new thinking, too, and a requirement to train tomorrow's managers to run the business.

What Would You Do?

Please explain in 125 words or less how you would handle this situation and why. Send your response to *Exchange* magazine "Case Solution," Marriott School of Management, 588 Tanner Building, Brigham Young University, Provo, UT 84602. Please include your full name and current city and state of residence. E

Learning the Business Pragmatics of a Foreign Language

By Angela M. Seaman

THE SCOPE OF BYU's motto, "Enter to Learn, Go Forth to Serve," broadens as the Marriott School of Management prepares international avenues and globalizes educational opportunities. As a result of such efforts, fall of 1994 marked the beginning of an emphasis in international management and foreign languages for MBA students admitted to the class of '96.

"No other university in the country has the language fluency that BYU has," according to Dr. Lee Radebaugh, director of MSM's Center for International Business.

"In the past we've traded on the idea of the language fluency of our students, but we have never done anything to add value to that, now we're adding value, while still allowing students to get a solid MBA."

In an effort to build upon that fluency and experience, business-specific language courses have now been developed for all MSM graduate students fluent in Chinese (Mandarin), French, German, Japanese, Korean, and Spanish. The program also offers exposure to exciting internship and career opportunities abroad.

MSM Students Are Well-Qualified for Language-Culture Classes

Unique Mission Experience

Through volunteer service in LDS Church missions throughout the world, many Brigham Young University students gain unique language-culture experiences prior to their junior or senior years in college. In fact, approximately 25 percent of the BYU student body serve missions for The Church of Jesus Christ of Latter-day Saints in a non-English-speaking environment.

After living abroad as missionaries for an average of two years, those students returning to BYU to finish their studies tend to be not only more mature and serious about their careers, but

also uniquely equipped to participate in advanced language studies.

Promising Statistics

In an interview with *Exchange*, Dr. Radebaugh reported that 84 percent of the 122 students in MSM's Class of '95 speak a foreign language, 17 percent are foreign-speaking nationals, and 20 students speak more than one foreign language.

Of the class of '96, 77 percent of the 122 students are foreign language speakers, 20 percent are foreign-speaking nationals, and 10 speak more than one foreign language.

Development of Business-Specific Language Instruction

In spite of MSM's promising fluency statistics, many students lack any knowledge of foreign business culture. With this in mind, course curricula address business-specific vocabulary, culture, corporate culture, and negotiation skills that a general knowledge of the languages does not provide.

Business-Specific Vocabulary

Research is being done to find appropriate materials for teaching foreign business courses. For example, Dr. Mike Bush, College of Humanities professor of French, and Isabelle Jean, native of France and MBA student in BYU's class of '96, spent last summer researching French business vocabulary. Isabelle found that even for French natives, business vocabulary is very uncommon.

Nonverbal Communication

The creation of a business-language curriculum puts the Marriott School in step with the globalizing marketplace. Its greatest challenge, however, lies not just in teaching languages, but rather in teaching the relationships between language and culture in international business settings.

In addition to business vocabulary, classroom topics treat cultural aspects such as nonverbal salutations, unwritten rules of negotiation, and other aspects of business culture.

Dr. Qing Hai Chen, instructor of the Chinese language-culture classes, uses simulation exercises. He sends his students to negotiate "the Chinese way"

with his local Chinese contacts. In those situations students must use proper salutations, gestures, eye contact, and other techniques learned in class.

More Exposure to Business Culture

Often students who've worked abroad in internships invite their counterparts to give insight into cultural differences as guest speakers in their classes. Also, cases from foreign countries written in the foreign language facilitate discussion of business culture and business conditions in specific countries.

Other classroom topics include discussions on completing job applications, starting a company, as well as understanding business organizations, trade unions, labor costs, annual reports, and social benefits.

Classroom Profile

Because the program is in the evolutionary stages, "each class curriculum depends on available materials," explains Dr. Radebaugh. The Japanese class for example is more structured, with a textbook, group projects, quizzes, and exams. They also use current videotaped news broadcasts from Tokyo as a basis for class discussion in the foreign language.

Class enrollment will not usually exceed 10 students. The program is trying to integrate foreign nationals among those small groups, especially second-year students who have work experience abroad or who have worked in foreign internships. In Dr. Radebaugh's words, "These students really add value to class discussion. They know what they are talking about from their experience in that foreign country. They know what's going on."

Summer Internships

Program directors strongly encourage international management students to complete an internship abroad for a U.S.-based or foreign multinational corporation.

Development of a worldwide network of internships is coming together with the efforts of new Placement Director Bill Brady, along with professors and students who have done foreign internships. However, as part of the learning process, students will secure their own internships.

"The process of struggling to secure an internship is very valuable," said Dr. Radebaugh. "We want to identify companies our students can approach, and then let them contact these companies to set up their own internships."

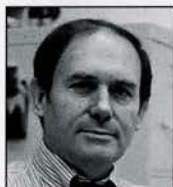
Faculty

Through cooperation between the Marriott School and the College of Humanities, several qualified professors have agreed to teach language-culture classes and to participate in other aspects of the program.



Qing Hai Chen

Former director of the Chinese Language Program Gary Williams described Dr. Qing Hai Chen as someone who "knows what silence means, what posturing is; he knows techniques of negotiating the Chinese way." As a native of China, Dr. Chen brings to his students knowledge of these and many other Chinese cultural idiosyncracies. Dr. Chen is working on a PhD in instructional science (second-language acquisition) from Brigham Young University. His business experience includes work as a translator and consultant for Chinese business groups working with American companies.



Yvon LeBras

A native of Brittany, France, Yvon LeBras was educated at the University of Wrennes in France where he received a BA in French language in literature and a minor in English and comparative literature and linguistics. He subsequently received a PhD in French-Canadian literature from Laval University in Québec, Canada.

Dr. LeBras' business experience includes having managed the French Language Department of WordPerfect. Also, Dr. LeBras works as an accredited translator.



Mike Bush

Born in Montgomery, Alabama, Dr. Mike Bush is the only business language professor native to the United States and one of the few with an MBA, which he received from the University of Missouri. Dr. Bush also has a PhD in foreign language education and computer science from Ohio State University.

Aside from his formal education, he spent several years in France—first as an LDS missionary and later as part of the NATO advisory group for aerospace research and development.



Ryo Sambongi

Ryo Sambongi, a native of Japan and graduate of Waseda University, one of the most prestigious in Japan, is teaching business Japanese this year after recently completing BYU's EMBA program. When Ryo left Japan to pursue opportunities at BYU, he brought with him several years of business experience from his employment with Daiwa Securities in Japan, one of the largest securities companies in the world. He now passes on to MSM students his knowledge of Japanese business protocol and cultural rules from his motherland. One of his goals is to have over 100 original case studies written in Japanese before next year.



Cha Bong Kim

Author of a book on a Confucian approach to management and a native of Korea, Cha Bong Kim enhances the Korean business-language class with his understanding of Korean business culture. As director of BYU's Korean Internship Program, he has been instrumental in developing student intern-

ships with Lucky Goldstar, one of Korea's largest conglomerate corporations.

Dr. Kim is currently pursuing a PhD in educational leadership from BYU.



Hans Kelling

For years Dr. Hans Kelling has played a key role in helping students university-wide secure internships in his native Germany and neighboring countries. With more focus on the business market, Dr. Kelling will continue to assist MSM networking efforts through his contacts in Germany, Switzerland, and Belgium as well as teach MSM's German business class. Dr. Kelling is a graduate of Stanford University, where he received his MA and PhD in Germanic literature in 1960 and 1966, respectively.



Quina Hoskisson

During April of this year, Dr. Hoskisson presented MSM's ideas about the new language program at the Conference of Languages. "Her familiarity with the program and her native Spanish abilities make her very valuable," commented Dr. Radebaugh. A native of Spain, she studied and worked in Uruguay during her high school and early college years. After leaving Uruguay, she received her BA and MA from BYU in Spanish, after which she continued her postgraduate work at the University of Zurich studying Romance languages. Now she offers her knowledge to MSM students.

Conclusion

The greatest benefit the Marriott School will see from this program is that it adds value to the students abilities and, hence, to the program.

Program directors are in hopes of adding Portuguese this winter semester to the list of available languages. Other languages will be included as additional funds become available. E

among the most vocally critical of the products they buy. Despite this, they have the highest repeat-purchase percentage of any motorcycle marque, due in large part to the recognition they receive from BMW.

The Wild Card Strategy: Recall the Product, Repair It, and Don't Repeat It

Unlike the flaw finder, you can recruit, or the scapegoater, you can buffer from technology, the Wild Card scenario has no easy answers. Recall that the wild card results when both the product and consumer are held to be incompetent. This combination is unpredictable; thus, the name *wild card*!

From basic organizational theory, the dictum applies that events internal to the organization can be controlled but external events can only be influenced. With a wild card situation, the prudent strategy is to control the internal events and to immediately withdraw the flawed product from contact with the consumer.

For example, several years ago Audi found itself the focus of several lawsuits and much critical press regarding its 5000 model with automatic transmission. The allegations were that car would suddenly and independently shift from park to a forward gear, causing accident and injury. Initially Audi was vehement in its denial, claiming no outside tester had succeeded in replicating the problem in any automobile cited as flawed. They implied, then later stated, that the problem was not in the car but due to driver error. This strategy only made things worse.

Rather than being perceived as a technically advanced engineering firm, Audi appeared defensive and involved in a cover-up. Up to this point, senior management had been directed in their thinking by their engineering staff; now it was obvious they had been dealt a wild card. Whether the automatic transmission was at fault was now irrelevant. It was universally perceived as flawed, and that *perception* resulted in a firestorm of criticism.

A few courageous automotive journalists suggested that the problem may indeed have been driver error, but Audi

realized it should react as if the product were flawed and recall all Audis for inspection and repair. Failure to do so would have only further eroded their reputation. As was mentioned earlier, the experience of being in the honeymoon suite is contingent upon perceived benefits, not empirical competence.

The Scapegoating Strategy: Buffer Consumers With Education, Warranties, and Service

As humans we are prone to blame products before we blame ourselves. Nowhere is this more evident than in the area of high-technology devices. The more ignorant the consumer of the technological complexities, the greater the risk of scapegoating. Service strategies to combat scapegoating may take the form of educating the consumer, thereby increasing competency, or introducing service as a buffer to make technically incompetent consumers feel more comfortable with high-tech products. Making a computer system "user friendly" usually means lowering the barriers to access rather than enhancing the user's skills *per se*.

Some retailers have taken this buffering strategy one step further and discovered a lucrative business opportunity in bundling service contracts with their commodities. For example, Circuit City does a brisk business in selling "piggyback" service contracts of varying coverages for each electronic and home appliance product they market. Circuit City has converted a potential scapegoater into a customer who has paid twice in the process of purchasing their merchandise.

Others should realize that service can be sold at a premium to the very customer who is likely to be frustrated by the product when it is a technological "black box." However, once the consumer feels competent with a specific technology, service may become less important and probably not saleable as a distinct benefit.

The Future of Service

The proposed model and supporting ideas may indicate future trends

regarding service. Paradoxically, we may see even more demand for service while witnessing the emergence of service obsolescence for some products. For example, baby boomers are aging, and the boomers' appetite for service is becoming gourmet, not gourmand. They are becoming more selective in their appetite for service and are seeking fewer but better services. This trend will be expressed as a continuing willingness to pay for quality in the services they seek. However, this pattern may be matched by the emergence of service obsolescence as we see a return to commodity-based markets for some products.

We are seeing the first stages of this obsolescence in the "black box" syndrome in automobile repair. An inverse correlation now exists between the increased ability to computerize engine operations and the decreased capacity to repair these "black boxes." A serious lack of technical competence now appears to exist at the local dealership level to diagnose and repair these microcomputers. The *service* these dealers provide is to toss out the flawed product and plug in a new one, as if it were a light bulb. General Motors has created a ceramic engine with similar replacement features, which may render many traditional services obsolete. Cadillac's 100,000-mile maintenance-free automobile is a clear indicator of this trend.

Although specifics are difficult to predict, one thing is certain: service is an important key to future customer loyalty. The renewal purchase decision (or customer loyalty) is heavily influenced whenever service is rendered satisfactorily. Car owners will remember for years the first time they used their automobile club card to get towed, and this will be the justification for continuing to "mortgage" any future towings. This is the power of rendered service and one key to future customer loyalty. ■

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MSM Update

New NAC Members

The 1994 annual meeting of the Marriott School's National Advisory Council (NAC) will take place November 10-12 on campus. NAC will welcome several new members, including three who were not acknowledged in the spring issue of *Exchange*: William P. Benac, group executive and treasurer of EDS; Ralph Christensen, vice president of Human Resources, The Wyatt Corporation; and D. Reed Maughan, Price Waterhouse partner, Tax Department, in the Los Angeles Office.

New Commander Joins Air Force ROTC

Colonel Maurice L. Stocks has joined BYU's Air Force ROTC (AFROTC) program as commander and professor of aerospace studies. He replaces Colonel Robert M. Atkinson, who retired from the Air Force in September.

Colonel Stocks began his Air Force career in 1969 as a distinguished graduate of the ROTC Program at the University of North Carolina, Chapel Hill. He also graduated from the National War College in Washington, D.C., and holds a master's degree in communications from the University of Tennessee at Knoxville.

During his 25-year career, Colonel Stocks has served in a variety of key Air Force leadership positions in the areas of personnel, education, and training. In his most recent position as director of personnel for the Air Force's Air Combat Command, he was responsible for the assignment, training, evaluation, and quality of life for the nearly 200,000 members of the command worldwide.

Concerning his recent assignment to BYU, Colonel Stocks said, "I want to continue the fine tradition of AFROTC that has been established at BYU. Commanders love to get BYU grads on their staffs because they know they'll be getting competent, professional, young officers."

"Now that Air Force downsizing is essentially over," Colonel Stocks continued, "we want to build up our num-

bers in the program again. We expect to see increases in available positions and in scholarships each year for the next several years. There are many rewarding, secure opportunities available for our future BYU grads."

Colonel Stocks and his wife, the former Svetlana Lubimov of Helsinki, Finland, have three children, one currently serving in the Russia Moscow Mission.

Military Science Cadets Apply Leadership Skills

Seventeen Army ROTC cadets from the Marriott School of Management's Department of Military Science participated in applied leadership training this past summer at Fort Lewis, Washington.

Training consisted of individual military skills and small-group leadership experiences. Each cadet was evaluated in preparation for receiving a commission as a second lieutenant in the United States Army upon graduation from Brigham Young University. This training experience allows cadets to apply the leadership skills they have learned in the classroom and field training exercises to real-world leadership challenges.

Dr. Milton E. Smith, MSM associate dean, visited the BYU cadets attending the camp, observed their training, and met with Army leaders to discuss the ROTC leadership training program.

Over 2,500 cadets, representing more than 250 colleges and universities, participated in the six-week leadership training evaluation. BYU students Jason Moody, Michael Mouritzen, Matthew Bird, and Scott VanWyk were evaluated in the top 10 percent of all participants.

Students returning to campus this year will fill Army ROTC cadet battalion leadership positions and apply their training and leadership experiences in preparing other cadets for the summer camp evaluation next year.

MSM Convocation Address, Delivered by Bishop Jacob de Jager

During this fall's MSM convocation ceremonies on August 12, Bishop

Jacob de Jager of the LDS Church addressed Marriott School of Management graduates with a message entitled, "Vaya con Dios," meaning "Go With God."

Referring to the graduates as "the newest societal pragmatists," Bishop de Jager commented, "it is appropriate that most educational institutions have designated the services honoring graduates as 'commencement' exercises rather than simply 'graduation' programs. Truly, the rest of a student's life is just commencing . . . graduation is just a plateau and not a destination." Despite future challenges, he continued, "several principles, if observed, can make the road ahead much easier to travel."

Graduates listened as Bishop de Jager explained four principles: performance, consistency, stability, and the development of a vision.

Performance. Bishop de Jager reminded graduates that "employers expect productivity and achievement. As the saying goes: To be of use, you have to produce." Quoting scripture, he admonished graduates to perform properly, being "anxiously engaged in a good cause, and doing many things of their own free will."

Consistency. Defining consistency as, "a worthy companion to performance," Bishop de Jager noted that "since consistent performance is one of the most desirable attributes that a person can offer an employee. Consistency means reliability, faithfulness, and impeccable loyalty."

Stability. Bishop de Jager commented to graduates that, in his opinion, "stability is the perfect companion to performance and consistency and that a person with stability is not easily moved and has steadfastness of purpose in achieving a desired goal."

Developing a Vision. "A vision is like a lighthouse; it gives direction rather than destination," said Bishop de Jager. He continued by saying that "a vision of what we want to be in the future will provide the necessary direction in the present."

Bishop de Jager concluded his remarks by counseling MSM graduates to stay close to God and the religious beliefs and standards that have surrounded them at BYU. E

Spotlight On...

Lori A. Howarth

"Today more women serve successfully in public and executive positions than ever before," commented Supreme Court Justice Sandra Day O'Connor in her commencement address to BYU graduates this past August.

The Marriott School of Management's increasing percentage of female alumni reflects the trend behind Justice O'Connor's statement. Many of the women who contribute so much to the school's student body and to the workforce do so while still maintaining personal responsibilities to family and community.

Lori A. Howarth, a 1985 MBA graduate of Brigham Young University and successful manager with Bergen Brunswig Corporation, shares her experiences with EXCHANGE readers.

Lori became interested in the pharmaceutical industry at an early age and, as a result, graduated from the University of Utah with a BS in pharmacy. After graduation, Lori worked as a pharmacist for a chain drugstore before becoming associated with her present employer, Bergen Brunswig. Bergen Brunswig is the nation's second largest wholesale distributor of prescription and nonprescription drugs and health and beauty aids. Lori said that while assisting in the pharmacy's management, she "developed a desire to learn more about the business aspect of operating a store and to seek management opportunities outside the pharmacy but within the industry." Her pursuit of an MBA at BYU prepared Lori for such opportunities.

Due to an environment of ever-increasing government legislation and regulation, senior management at Bergen Brunswig decided to create a position for someone who was familiar with the industry and who would oversee the area of government affairs. Later, Lori assumed that post as manager of legislative

and government affairs. In describing her position, Lori said, "I was given the opportunity to develop a mission statement and to define my role within the company. Since my position requires that I be self-directed and self-motivated, I have achieved great satisfaction creating and developing value in the work I provide to the company."

Since 1991, Lori's responsibility at Bergen Brunswig has included protecting their interests in connection with legislation and regulations affecting the pharmaceutical industry both at state and federal levels.

A few of Lori's contributions to the pharmaceutical industry include her leadership of a task force of midlevel operations managers. Here, her efforts resulted in company adherence to federal rules and regulations affecting wholesale pharmaceutical operations. Also, Lori created and marketed a consulting service designed to assist pharmacists with prescription pricing strategies. Pharmacists who utilized the service realized an increase in pharmacy gross profit.

Lori says the majority of her time now is spent, "monitoring issues and legislation, briefing senior

management, and educating lawmakers about the wholesale drug industry and the company's position." When asked for her philosophy of success in business and life, Lori commented, "always be yourself and always exemplify your values and standards."

In addition to her career, Lori has been very active in church activities, most recently working with the Beehives in the Young Women's program in a Cambodian branch in Orange, California. In her spare time she enjoys bicycling as well as traveling to Cancun and Maui.



Ferris Taylor

Whether in a consulting organization, a software development firm, or a health management organization, Ferris Taylor focuses on aiding customers both inside and outside an organization. His specialty is translating intricate data and information into a more usable form for employers and clients.

Taylor completed a bachelor's degree in physics in 1973 and an MBA in 1975, both at BYU. After leaving Provo, he worked for Data Resources, Inc., the world's largest economic forecasting and consulting firm. He then cofounded the

Planning Economics Group, also a consulting firm.

Taylor later served as territory manager, program director, and national sales director of two different executive decision development systems and marketing expert systems developers. He is now marketing director of Harvard Community Health Plan (HCHP), which was recently featured as New England's number one HMO in the *HMO Buyer's Guide*.

Taylor benefits HCHP with experience gained from his past

positions. He has instituted a new marketing consulting department and has designed and implemented state-of-the-art network linking support for database and systems maintenance and integration.

Ferris says, "The common element throughout my career has been to create value from very complex data and information and to provide that value to both internal and external customers. That thread is certainly key today as HCHP prepares for and responds to the many dimensions of national health care reform."

Over the years, Taylor has developed a business philosophy of his own: "Take care of people, and they will take care of the problems. Good people produce good results, so the key is to find and develop good people." Taylor subscribes to the



ideas of his former teacher and leading management consultant Stephen R. Covey, whose materials Ferris uses frequently in staff development.

Taylor is a former bishop and high counselor in the LDS Church. His current position as Boy Scout Explorer post leader has led him to a new hobby, sailing. This year Taylor, his son, and 15 others in the post spent eight days on Lake George to complete the U.S. Coast Guard sailing course.

Ferris and his wife, Karen, have four children. Assuming the role of general contractors, the family built their own home in 1987. They now report this home as a major hobby, as they continue to work on finalizing their dreams.

Richard Hanks

A wide range of professional experience distinguishes Richard D. Hanks from many who follow traditional career paths. Having held positions from CPA to strategic planner, Hanks now satisfies his varied interests as vice president of marketing strategy and operations for Marriott International's Hotels Division.

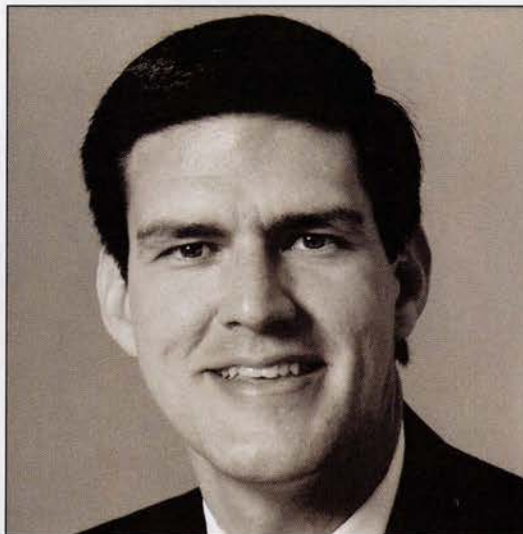
After receiving his bachelor's degree in accounting from the MSM in 1983, Hanks joined Price Waterhouse in Salt Lake City as a CPA and financial consultant. After a couple of years he resumed his education at Northwestern University, where he received an MBA in 1986.

After graduate school Hanks worked in Frito-Lay's Strategic Analysis Department, where he was discovered by an executive recruiter in 1988. He subsequently joined Marriott in Washington, D.C., where he has worked as director of strategic planning for the Marriott Service Group and senior director of revenue management in the Hotels Division. In his current position he is responsible for developing and integrating marketing strategy for Marriott's more than 250 full-service hotels.

Of his several career changes, Hanks says, "I was the guy in college who wasn't sure what he wanted to major in and now, 10 years later, I'm still not sure what I want to major in. I really enjoy all aspects of business, from the

financial to marketing to strategy to operations." He mentions that he especially enjoys his current position with Marriott because "I get to utilize all of these skill sets each week."

Hanks' professional success likely hinges on his philosophy of business: "Do more than you're asked, and do it before you're asked. Know the facts. Maintain intellectual curiosity, and ask 'Why?' Treat everyone equitably, be willing to take a stand, and learn how to say 'I don't know.'"



Hanks frequently speaks and teaches at trade and professional gatherings throughout the United States and has also taken part in conferences in London, Montreal, and Frankfurt. He has written articles for *The Wall Street Journal*, *USA Today*, *Washington Post*, and other publications. An alumni interviewer for admissions to Northwestern's Kellogg Graduate School of Management, he recently joined the MSM Alumni Board. Rich also serves as an LDS stake executive secretary.

After spending most of his childhood in Salt Lake City, he finally took his first skiing lesson three years ago and reports: "Whenever I get the opportunity, I'm on the slopes trying not to injure people." At 6 feet 6 inches tall, he loves to play basketball, but is disappointed that he can't stuff a basketball anymore. He and his wife, Elizabeth, are the parents of three children.



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