EXCHANGE

SUMMER 1991
THE J. WILLARD
AND ALICE S.
MARRIOTT SCHOOL
OF MANAGEMENT
BRIGHAM YOUNG
UNIVERSITY

Taking an Offensive Stance

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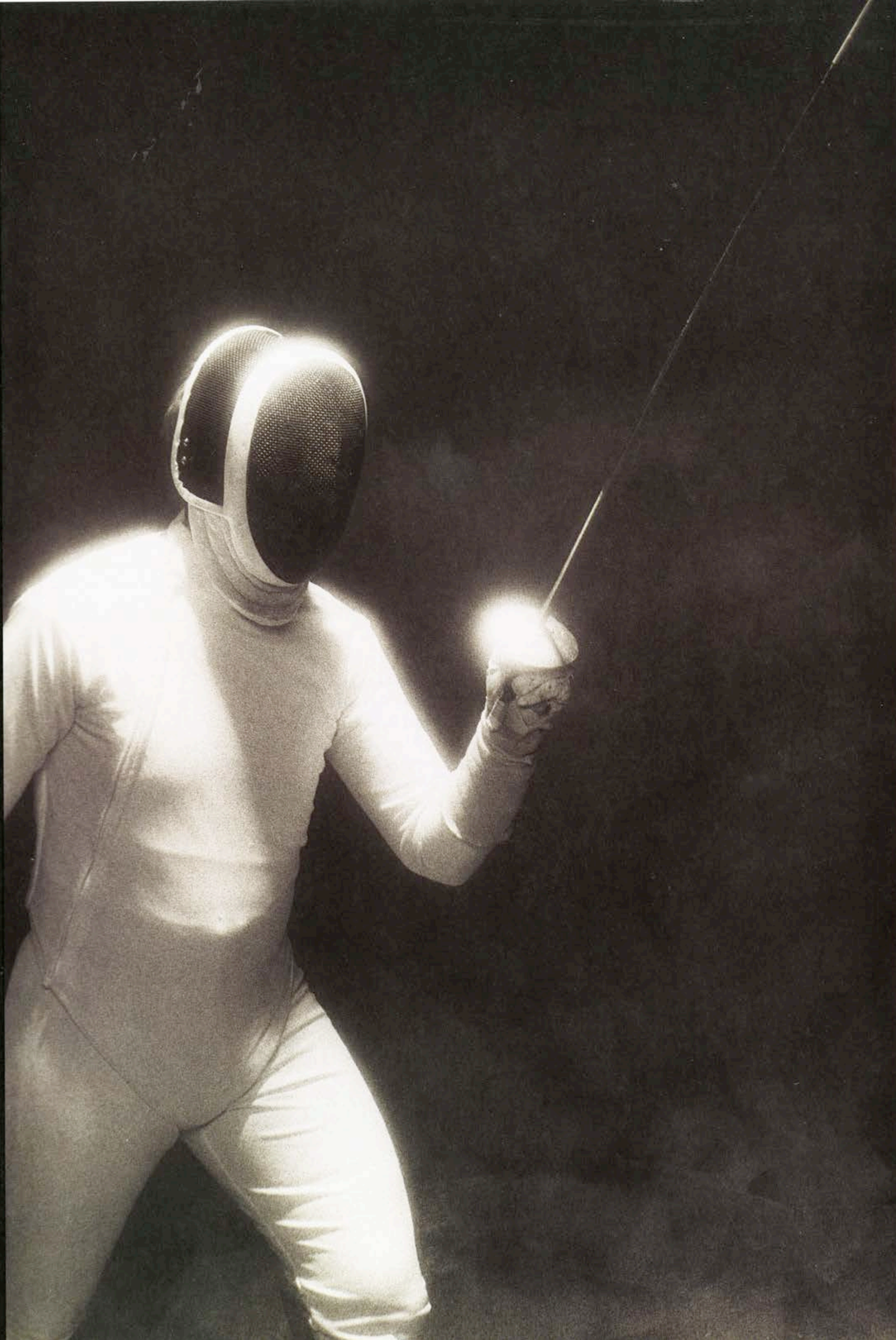

TAKING AN OFFENSIVE STANCE

Strategic Competitiveness in the 1990s

LEE TOM PERRY

IN A RECENT *Fortune* article, Walker Lewis, head of Washington, D.C.–based Strategic Planning Associates, said: "This may be a time of immense uncertainty, but it is a *certainty* that Western companies are in for 10 years of competitive hell." Ronald Henkoff, author of the *Fortune* article, then followed by posing two questions: (1) Facing this inferno, how can companies possibly prepare for the future? and (2) How can they plot strategies when the shape of the battlefield keeps changing?[1]

A major cause of America's loss of competitive leadership is rooted in the basic assumptions many companies hold about competitive strategy. Too many American companies have strategies that are built on a foundation of uncompetitive assumptions.[2]

One of the best examples of misguided strategic thinking comes from Michael Porter, who was trained as a microeconomist. According to microeconomic theory, Porter argues that competition should be *avoided* because of a strong negative relationship between the strength of competitive forces in an industry and the ability of firms to sustain above-average returns. Accordingly, Porter's strategy suggests that companies find positions in industries where they can best defend themselves against the forces of competition by *avoiding* it.

Unfortunately, this strategy does not produce the desired results. In fact, quite the opposite is true. A model developed by chaos theorists shows how tiny differences in input can result in overwhelming differences in output. They call this phenomenon the *sensitive dependence on initial conditions*.[3] This analog, applied in competitive situations, is a sensitive dependence on initial *assumptions*. Because of this sensitive dependence, strategic thinking that begins with uncompetitive inputs (assumptions like those espoused by Porter) will yield uncompetitive outputs (strategies). Fortunately, the sensitive dependence on initial assumptions also works in the opposite way: when strategies begin with competitive inputs, the output will also be competitive.

Three basic strategies will yield increased competitiveness in the rapidly changing, increasingly aggressive global economy of the 1990s:

- To puncture existing industry structures and launch new strategic eras, companies must replace defensive thinking with offensive thinking.
- To surprise and outmaneuver competitors, companies must think paradoxically, not linearly.
- To inject organizations with new energy that will drive offensive thrusts, companies must adopt a philosophy of guiding, not commanding, people and operations.

... only through offensive actions do companies move forward and accomplish their strategic objectives. In business, like in isometric exercise, resistance builds strength, and, to a point, increasing the resistance builds more strength. This is the principal reason why offensive strategies are preferable to defensive strategies.

Why Offensive, Not Defensive, Strategies?

Carl von Clausewitz, a 19th-century Prussian military strategist, observed that the purpose of strategy is to seize, retain, and exploit the initiative. While some periods may require a defensive posture to sustain offensive actions, only offensive actions accomplish strategic objectives.[4]

This rationale sheds light on the desired balance between the defensive and offensive components of strategy. Strategic operations can be thought of in terms of a "vertical" and "horizontal" dimension. The vertical dimension represents the offensive thrust toward a strategic objective, whereas the horizontal dimension represents the resources and capabilities required to support and sustain the offensive thrust.

To prevent the offensive thrust from overextending itself, companies must stop intermittently to rebuild supporting resources and capabilities. But, only through offensive actions do companies move forward and accomplish their strategic objectives.

In business, like in isometric exercise, resistance builds strength, and, to a point, increasing the resistance builds more strength. This is the principal reason why offensive strategies are preferable to defensive strategies.

Several years ago people at the Tektronix plant in Forest Grove, Oregon, decided that they wanted their plant to become a global leader in the manufacturing of circuit boards. Their major thrust: offer unmatched value to their customers. At the time, the plant supplied only Tektronix customers, and it produced low-quality, high-cost circuit boards.

The critical turning point for the plant came when its people decided to sell to outside customers. Since then, the Forest Grove plant has continued to take away market share from foreign producers. During the last five years, a period in which most U.S. curcuit board production has moved offshore, the plant has continued to add external customers. Now external customers account for over 50 percent of the total business.

Why has the Tektronix Forest Grove plant succeeded in the highly competitive circuit board assembly business when most other U.S. producers have failed? Transforming the plant into a global competitor began with a decision to go on the offensive against the best competitors in the world. As employees learned about and understood the plant's strategy, they became increasingly sophisticated strategic thinkers. By gradually raising their expectations, continually setting new challenges for themselves, and meeting the test of competition every day, Forest Grove's employees developed distinctive competitive strengths that drove the plant's phenomenal success.

Although a company's decision to be strategically offensive does not guarantee success and certainly will not remove all the barriers to success, such a decision can offer significant leverage. A case in point is NCR's Self-Service Systems Division, headquartered in Dundee, Scotland. In 1980, James Adamson was hired away from a subsidiary of ITT and given the assignment of saving the Dundee plant, which at the time was a second-source supplier of cash registers for the British and Commonwealth markets. NCR management told Adamson that if he could not turn the plant around in six months, it would be closed.

In conjunction with NCR's U.S. operations, the Dundee plant had developed an automatic teller machine. This action was a significant first step for the plant because it offered a new source of potential business. When Dundee's first ATMs were installed in two major British banks, however, the overall quality was so poor that the banks sent the machines back. What did Adamson do? He challenged his engineers to develop a machine twice as reliable as that of the competition. The engineers laughed, but Adamson persisted. Eventually, the engineers tripled the reliability of Dundee's ATMs and launched a new strategic era—the NCR Era.

By 1984 the Dundee plant was producing all of NCR's ATMs, and NCR had moved into third place behind IBM and Diebold, with over 4,000 installations per year. In 1987 NCR became No. 1 worldwide, with the largest installed base spanning about 90 countries. In September 1990, however, NCR's two main competitors, still Diebold and IBM, decided to gang up on the leader. They formed a joint venture, InterBold, to grab the No. 1 position in installed ATMs away from NCR.

How did NCR respond to the new challenge presented by InterBold? It again went on the offensive. "This is a survival issue for us," James Adamsom pronounced to the Dundee plant's employees. "If we don't step up to the challenge now, the game will be lost forever. If we don't react in a positive way, we'll probably be involved in redundancies and layoffs. At worst, we could go into plant closures and lose the business." Adamson chose not to mention that if NCR kept installing units at last year's rate, and if InterBold did the same, NCR would be No. 1 again in three years.

Why Paradoxical, Not Linear, Logic?

Paradoxical logic is a lot like a change-up pitch in baseball. When a hitter is expecting a fastball, a properly disguised change-up will either leave him flatfooted or throw him completely off balance. Moreover, a change-up makes a pitcher's subsequent fastball appear faster because it creates a moment of indecision for the hitter.

The point of both a change-up and paradoxical logic is that doing the unexpected creates a competitive advantage. For example, in industries where companies are competing against time, the advantage will likely go to the next company that discovers a new and valuable source of competitive advantage. But competitive advantage may also go to companies that put on the brakes and, instead of emphasizing time to market, improve the quality of their products or innovate radically new products. Paradoxical logic will just as likely encourage throwing out the new and bringing in the old as throwing out the old and bringing in the new.

Paradoxical logic might also suggest that companies launch attacks from positions of weakness, not strength. Vanport Manufacturing, a small lumber company 30 miles outside of Portland, was able to penetrate Japanese markets because it was weak, not strong. Vanport's future was jeopardized by federal regulations prohibiting the cutting of whole logs from national forests for shipment to Japan. Adolf Hertrich, Vanport's co-owner and CEO, realized that the company's future depended upon selling finished lumber to Japanese lumber and construction firms. But this would happen only if Vanport could cut lumber to exacting traditional Japanese specifications, thereby satisfying Japan's finicky customers.

Hertrich traveled extensively throughout Japan, meeting with potential customers and inspecting Japanese lumber suppliers' facilities. He took pictures and careful notes wherever he went. The Japanese were cooperative because they assumed Hertrich's company was too small and too weak to pose any real threat.

When Hertrich returned to Oregon, he began to redesign his mill from head saw to edger to trim saw. Vanport's log carriage was computerized to accommodate metric measurements. Most important, company foremen were instructed by Japanese specialists on the complex lumber-grading systems that are based on such aesthetic factors as color and grain.

Hertrich and his people took two years before they were finally confident that they could impress potential Japanese customers. To make their point, they built a traditional Japanese guest house from their own lumber and invited Japanese guests to spend the night there. The ploy worked so well that today 90 percent of Vanport's finished lumber is shipped to Japan.

Most managers believe that successful practices should be continued. "If it ain't broke, don't fix it" is a common maxim in contemporary management thought. But Iwao Isomura, chief of personnel at Toyota, challenges this linear thinking with paradoxical thinking. He says about Toyota: "Our current success is the best reason to change things." While Toyota is already considered by many experts to be the best manufacturing company in the world, it is simultaneously restructuring its management, planning its global strategy for the 21st century,

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Successful corporate leaders in the 1990s will guide, not command, their people. By providing a strategic architecture to guide organizational behavior, leaders encourage everyone in their organizations to be strategic thinkers. This fosters greater individual initiative and teamwork, releasing human resource energy to drive competitive strategies.

tinkering with its corporate culture, and even becoming a fashion leader. Toyota is also refining its vaunted manufacturing system. For example, instead of investing in the development of flashy new options for its cars, the company is developing new ways to stamp sheet metal.

Toyota managers understand that permanent dissatisfaction— even with exemplary performance—is always the best strategy. This thinking drives away complacency and prevents Toyota from overshooting its culminating point of success. Although it is paradoxical to assume that success ultimately leads to failure, this line of reasoning is the basis of the company's obsession with "continuous improvement." Keith Crain must have had Toyota in mind when he wrote in *Automotive News*: "The Japanese remind me of a race car driver who's five laps ahead but doesn't know it and keeps driving as if he's five laps behind."

An American company whose strategy is based upon the paradox that success leads to failure is Novell, maker of NetWare. Ray Noorda, Novell's CEO, describes the development of organizations in five stages. The fourth stage is *Euphoria*; the fifth is *Extinction*. Accordingly, Noorda views his principal responsibility as keeping Novell out of the Euphoria stage.

This task is sometimes difficult in a company that owns roughly 60 percent of the worldwide networking market. Nevertheless, Noorda continually reminds his people that there are no guarantees in business and that the only competitive advantage that means anything is the ability to stay ahead of competitors. Therefore, he constantly stresses to Novell's people that they are not just building a company—they are creating an industry. He is always pushing Novell's people to introduce new products, even at the risk of cannibalizing existing product lines.

Why Guiding, Not Commanding, Operations?

Guiding leaders encourage their people to exercise initiative within an overall strategic framework; *commanding* leaders hope to eliminate friction in operations by anticipating every contingency and providing complete, step-by-step instructions to subordinates. *Guiding* leaders expect their subordinates to both think and act, while *commanding* leaders do all the thinking and expect their subordinates only to act.

The key question in determining whether the role of strategy is to *guide* or to *command* operations pertains to where genius is found in organizations. Is genius limited to elite strategic planning staffs, or is it widely distributed throughout organizations? In Herman Wouk's *The Caine Mutiny*, Tom Keifer, the ship's communications officer, described the U.S. Navy as "a masterplan designed by geniuses for execution by idiots."[5] This thinking indicates a *command* philosophy of strategy.

A guide philosophy of strategy works better than a command philosophy for companies operating in highly competitive global industries, because it accesses more of the genius within a firm. This reasoning is consistent with Jack Welch's views about operating in today's dynamic business environment. According to Welch, "The idea of liberation and empowerment for our work force is not enlightenment—it's a competitive necessity."

Helmulth von Moltke, another 19th-century Prussian military strategist, was fond of saying that, "War cannot be conducted from a green table."[6] In other words, staff officers cannot anticipate and prepare line officers for *every* situation they will face in battle. Moltke's ideal strategy was a quick and decisive offensive strike, but he realized that no strategy ever survived intact a major collision with the enemy. Accordingly he believed in guiding, not commanding, subordinate officers. He provided them with a basic strategic framework, and then he expected them to handle the details.

Moltke believed in developing subordinate commanders to their fullest capability. He did not wish to paralyze the fighting spirit of the army nor to cripple the spontaneity of action and reaction on the part of subordinate commanders. In the first weeks of the Franco–Prussian War, Moltke's philosophy and patience were severely tested when certain generals ventured outside the strategic framework and wrecked much of his plan of operations. Still, many tactical successes resulted, and Moltke was led to conclude that "in the case of tactical victory, strategy submits." Moltke realized that if he encouraged subordinates to take initiative, such deviations from plan were inevitable. But he knew he would lose more than he would gain by tightening control.

The guiding approach not only develops subordinates, it fosters teamwork and self-management. Du Pont's Towanda, Pennsylvania, plant is organized into self-directed work teams. Team members find their own solutions to problems, set their own schedules, and even have a say in hiring co-workers. The main job of Towanda's managers is to guide workers by helping them understand the tough, external market forces that demand a dedication to quality, teamwork, and speed.

Self-directed teams at the Towanda plant are also used to develop policies. When management discovered that flexible work hours were a high priority for workers, a team was assembled to study the issue. Team members devised a novel solution—take vacation time by the hour. During slack times when three of the four team members could easily handle the job, one could take off a few hours in the afternoon to go to a school play or take a sick child to the doctor.

The difference between guiding and commanding is similar to the difference between jazz format and traditional musical format. Traditional musical format leaves little to the imagination. All notes are specified; the musicians know exactly what, when, and how to play. In contrast, jazz format can be played by any collection of instruments in any key. Chords and their duration, rather than notes and rhythms, are specified. The pattern is stable—for example, twelve measures played in the same sequence at an agreed-upon tempo—but open. This openness gives jazz musicians license to invent a melodic line (or accompaniment) that "fits" the basic harmonic sequence of the song. Talented jazz musicians can improvise incredibly complex music from deceptively simple harmonic sequences.[7]

Ralph Stayer, the CEO of Johnsonville Foods, has said: "The strategic decision is who makes the decision." Like a jazz composer, Stayer believes he should provide a basic strategic architecture for his company, but he encourages his people to improvise within that architecture. Stayer wants to guide the strategy of Johnsonville Foods, but he does not want to control it. He believes that people develop more quickly and are more committed to implementing strategies when they see themselves as strategic thinkers.

A Strategic Platform

These three basic assumptions of competitive strategy—replacing defensive thinking with offensive thinking; thinking paradoxically rather than linearly; and guiding, rather than commanding, people—provide a platform for strategic thinking in the 1990s. This strategic platform is like a computer's *operating system*; a competitive strategy is like the *application software.* When a company formulates a competitive strategy for a specific strategic platform it works as intended, just like software written for a specific operating system. However, a competitive strategy formulated for one strategic platform does not automatically plug into another without unintended results. Accordingly, it is important to be clear about what strategic platform is being used before formulating a competitive strategy. Competitive strategies *are* sensitively dependent on initial *assumptions*.

The competitive leaders of the 1990s will be companies that are offensively minded. It has never been more true that companies need to act rather than be acted upon. While the most successful strategies will combine both offensive and defensive components, competitive conditions clearly favor *offensive* strategies. The competitive leaders of the future will be companies that aggressively seek opportunities to compete against world-class competitors to sharpen individual skills and organizational capabilities. They will be companies that actively layer competitive advantages, one upon another.

The competitive leaders of the 1990s will emphasize unpredictability and base their competitive strategies on *paradoxical*, not linear, thinking. While it is not necessary that a company's strategy surprise its competitors, companies do gain significant competitive advantages if they render competitors incapable of responding. This is best accomplished when companies interrupt the linear logic of their competitors' strategies with strategies based upon paradoxical logic.

Successful corporate leaders in the 1990s will *guide*, not *command*, their people. By providing a strategic architecture to guide organizational behavior, leaders encourage everyone in their organizations to be strategic thinkers. This fosters greater individual initiative and teamwork, releasing human resource energy to drive competitive strategies.

In rethinking strategic thinking for the 1990s, it is essential to understand the critical role of this strategic platform. Only companies with these three basic assumptions underlying their competitive strategies will be competitive leaders. They are the only companies that will lead out by routinely puncturing existing industry structures and then launching new strategic eras.

Notes

[1] R. Henkoff, "How to Plan for 1995," *Fortune* (31 December 1990) p. 70.

[2] My recent book, *Offensive Strategy: Forging a New Competitiveness in the Fires of Head-to-Head Competion* (HarperBusiness, 1990) describes how companies can become more competitive in the rapidly changing, increasingly competitive global economy.

[3] See James Gleick, *Chaos: Making a New Science* (New York: Penguin Books, 1987), pp. 9–33.

[4] See Peter Paret, "Clausewitz." In Peter Paret (Ed.), *Makers of Modern Strategy: From Machiavelli to the Nuclear Age* (Princeton, NJ: Princeton University Press, 1986), pp. 186–213.

[5] Herman Wouk, *The Caine Mutiny: A Novel of World War II* (Garden City, NY: Doubleday, 1951), p. 97.

[6] Gunther E. Rothenberg, "Moltke, Schlieffen, and the Doctrine of Strategic Envelopment." In Peter Paret (Ed.), *The Makers of Modern Strategy: From Machiavelli to the Nuclear Age* (Princeton, NJ: Princeton University Press, 1986), p. 300.

[7] See Lee Tom Perry, *Offensive Strategy: Forging a New Competitiveness in the Fires of Head-to-Head Competition* (New York: HarperBusiness, 1990), pp. 56–59.

Corporate Wellness and Career Meltdowns

Turning Around Troubled Workers

LARRY D. HARTMAN

In the dynamic '90s, finding employment after graduation is probable. But keeping that position and progressing to greater responsibilities is less probable.

Handling job political pressures and interacting with colleagues and clients is becoming increasingly stressful. Training videos and counseling seminars offer numerous stress-management suggestions, but too often these remedies are superficial and unrealistic.

Some stress elements are necessary to encourage work and responsiveness, but when stress becomes too great, worker productivity and performance suffer. Many managers now realize that stress and burnout symptoms can no longer be ignored.

Corporate America grappled with stress-related problems as early as the 1970s, but only during the last decade have American businesses begun to develop proprietary programs to remedy the more troublesome workplace problems.

Problems immediately evident, because of their frequency and costs, are excessive *absenteeism*; increasing *medical costs*; rising *mental and emotional care costs*; and increasing *worker claims* for compensation due to "unsafe working conditions," "harassment," or other employment conditions. *Job turnover*, along with *drug and alcohol abuse*, has soared. And "*job burnout*" has become as common as the cold.

Absenteeism. A Gallup Poll reports that employees affected by stress, anxiety, or depression are absent 16 work days per year. This survey also reports that over 25 percent of the work force experiences anxiety and stress-related illnesses. In the U.S. alone, over one million work days were lost in 1989 due to stress-related absences. (Dauer, pp. 49–58).

Medical costs. Employers are feeling the pinch of climbing medical costs related to job stress. According to the *American Journal of Health Promotion*, research has determined stress to be a major factor in a wide range of conditions including hypertension, cardiovascular disease, gastrointestinal disorders, tension and vascular headaches, low-back pain, and decreased immunological functioning with its implication for susceptibility to disorders ranging from colds and flu to cancer and AIDS. (Laney, pp. 53–55).

Mental health. Another Gallup Poll shows that stress-related mental health

If companies are to survive the rigors and demands of the 1990s, they must consider worker health and well-being. Employee wellness programs are providing troubled businesses with creative, effective means to rejuvenate and invigorate a tiring, over-stressed work force and are proving to be more of an investment than a cost.

PHOTOGRAPHS BY JOHN SNYDER

problems pervade the workplace. Seventy-two percent of human resource managers and other corporate respondents reported the problem as "very pervasive" or "fairly pervasive." (Dauer, pp. 49–58.)

Worker compensation claims. In 1980, 5 percent of all occupational-disease claims were attributed to stress. Ten years later, the figure had risen to 15 percent. (DeCarlo, p. 43). And the cost to businesses? One report estimates that industry pays around $150 billion annually for emotional-distress claims. (Anderson, p. 9A).

Job turnover. Job turnover has been particularly troublesome in certain sectors of the economy. Dissatisfied with working conditions, many workers are looking elsewhere for employment. In the service industry, for example, full-service restaurants experienced a 210 percent turnover rate last year, and fast-service establishments experienced a 270 percent turnover. The hospitality industry saw 104 percent turnover in 1989, and a recent study reveals that 25 percent of all new government employees quit within their first year. (Hamlet, p. A8).

Substance abuse. Alcohol and illicit drug use at all levels of the work force have also been linked to stress and have become a major problem in America. The National Institute on Drug Abuse estimates that the productivity of one in every 10 American workers is impaired by substance abuse. The total cost to the economy for drug use is estimated to be over $100 billion annually. (*American Bureau of Business Affairs Manual*, p. 3).

Burnout. Job burnout is yet another growing problem and one of the most common problems resulting from high job stress. (Landon, pp. 34-37). The typical professional now works an average of 52.2 hours a week under increasingly stressful circumstances. (*Wall Street Journal*, June 4, 1990, p. 1). A recent survey of 9,000 workers from 21 organizations revealed that 15 percent of the workers are moderately burned out and that 45 percent feel high levels of emotional exhaustion. (Cronin, pp. 14–16).

Causes of Stress-Related Problems

What factors have contributed to the increase in workplace stress? One primary factor involves the way work is conducted today. Dramatic changes in the "flattening or pancaking" of management structures within the business environment have placed enormous—and often unrealistic—new pressures on America's managers and workers.

Also, increased foreign competition, global insecurities, new regional and continental markets, a slumping American economy, mergers and acquisitions, corporate downsizing, and threatened layoffs have made job security a thing of the past. Moreover, poorly educated employees, increased employee surveillance, longer working hours, inadequate training, and a wave of complex computer technologies have placed additional burdens on business employees. Steven L. Sauter, a research psychologist with the National Institute for Occupational Safety and Health in Washington, D.C., states, "There is increasing evidence that an unsatisfactory work environment may contribute to psychological disorders." (Anderson, p. 9A).

Cures for Stress-Related Problems

Frustrated, many companies are asking "What can be done?"

Unfortunately, no cure-all solution exists—detrimental stress will always be with us. Yet many companies, recognizing the problem and realizing that their survival depends on taking action, have created stress-reduction programs aimed at improving employees' overall health and well-being. These support structures are known simply as "wellness programs."

Wellness programs represent a formalized approach to preventing worker health failure. Although many companies are reluctant to start such programs because of perceived high costs, those that have implemented wellness programs are reporting positive effects on employees and higher net profits. Reductions in employee medical and legal costs, lower absenteeism and job turnover, higher productivity, greater job satisfaction, improved job recruitment and retention levels, and improved public image and employee health are among the reported results.

The U.S. Department of Health and Human Services commissioned the only comprehensive national study on work-site wellness. The results, compiled in 1987, reveal that of the 400 employers contacted, only 2 percent said that costs exceeded benefits. A large number of companies credited their wellness programs to improving employee health, increasing productivity, reducing health-care costs, and increasing morale and emotional well-being. (*Atlanta Constitution*, March 20, 1989, p. 1).

What do wellness programs entail? That depends on company commitment. Programs can include full-scale company fitness centers with medical and counseling personnel, stress workshops, company child-care centers, aged-parent and newborn job furloughs, early morning aerobics, lunchtime walks, etc.

Companies wishing to "shape up" and "stress down" can choose from a cabinet full of wellness activities. Some of the possibilities include *fitness programs*, *nutritional programs*, *flexible work scheduling*, and a variety of *business-sponsored programs*.

Fitness Programs

Many wellness programs focus on physical fitness. Incentives in the form of money or recognition can be offered to participating employees. Jogging, swimming, walking, company sports events, or company-paid memberships in athletic spas are all legitimate wellness activities.

One survey indicates that 60 percent of company employees who participated in a regular exercise program felt new energy, 46 percent felt more confident, 44 percent experienced greater job satisfaction, and 37 percent reported a rise in creativity at the office. (*Atlanta Journal*, March 20, 1989, p. 11).

A study conducted by Tenneco, Inc., shows that its male employees who exercised regularly incurred $561 in annual medical bills, while those who did not exercise had costs totaling over $1,000. (*New York Times*, March 18, 1990, p. 1).

And a 1987 study conducted by General Electric Co. reports that employees participating in company-sponsored fitness or recreation programs had fewer absences and expressed more positive attitudes toward their work than nonparticipating employees. (Employee Plan Review, pp. 38–44).

Nutritional Programs

For some companies, the days of donuts and coffee at company meetings are gone. Fruit and vegetable plates served with juice drinks are replacing traditional foods and beverages. Candy snacks in vending machines are replaced by granola bars or other healthful foods.

Classes on proper nutrition and weight loss held after work hours are offered. Employees are encouraged to participate in such programs, and monetary incentives are provided for achieving needed weight reduction.

Flexible Work Scheduling

Another popular wellness activity involves employee work schedules. Recognizing the struggle many employees face in trying to balance their personal and professional lives, some companies offer flexible and reduced work schedules.

Caring for an elderly parent or sick child affects employees' ability to work and forces them to struggle with decisions that impact work schedules and deadlines. Companies not wishing to lose valuable, talented workers allow flexible schedules, thus removing some of the anxieties and pressures in balancing family and career.

Companies such as Hewlett-Packard, Aetna Life & Casualty, and Corning Glass offer part-time and flextime work schedules. Corning Glass, for example, allows some 40 employees to work part time and another 1,000 full-time employees to work flexible hours. "Red Light" time (time when an employee selects not to be available for work) is becoming more frequent. Before flexible work scheduling was implemented, Corning Glass estimated an annual loss of $4 million on worker-attrition costs. That figure has been cut to $2 million since implementing the program. (*Wall Street Journal*, June 4, 1990, p. 34).

A 1990 survey of 115 professional women in two southern states revealed additional useful results. The 53 women who worked a flextime schedule reported greater ease in coordinating family and job responsibilities than the 62 women who worked a rigid schedule. The women on flextime also reported

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Update

A New Way for the MBA

As the Marriott School of Management faculty, deans, and MBA committees and directors accepted the recommendations of the MBA Curriculum Committee to change the content, methodology, and objectives of the MBA curriculum, little did they realize the extent of positive support and inquiry that would be forthcoming from students, faculty, alumni, and academic colleagues.

Dr. Darral G. "Pete" Clarke, MBA director, indicates that the 1990–91 school year has put us well on our way to preparing MBA students who have an integrated, generalist approach for a global marketplace. This approach is accomplished by integrating subjects, focusing on internationalization, and learning to work in teams.

The integrated look is evident when the applied theory of the traditional, functional areas of finance, marketing, operations, and organizational behavior are treated together in case studies. It is common for several professors to discuss a case for several hours and to teach the concepts of the case within an integrated framework—thereby achieving not only an integration of subjects but also an integration of the faculty. Once a week all students participate in a specialized management seminar that includes prominent U.S. and international business people as speakers or panelists on current events affecting business.

Since 80 percent of the Marriott School of Management MBAs speak a second language, internationalization of the curriculum can be achieved in unique and creative ways. Study groups are organized according to language. Whenever possible a foreign national is placed in each group. Studying with others who speak the same language is beneficial in two ways. First, the foreign students and the American students can exchange business vocabularies. Discussions during class and study groups then can occur in both English and foreign languages. Second, since more business cases have an international component or focus, the international students bring a reality and an essential background to case analysis. A business, government, and international economy course has been added as a requirement. In this course, world issues are addressed by visiting professors with international experience.

During the first semester, students are helped to learn how to work more effectively in groups—to understand and to apply group problem solving and group dynamics. During fall semester 1990 the new MBA class was introduced to the "ropes" course. This day-long event had small groups attack problem solving in a wilderness setting. The problems included getting everyone in each group across a set of tire swings without touching the ground, following a "life-line" while blindfolded, and jumping to catch a hoop from a 45-foot-tall tree while securely attached to a belay line. The final event was getting 55 people over a 15-foot wall without speaking. (Yea! With great satisfaction they all made it!)

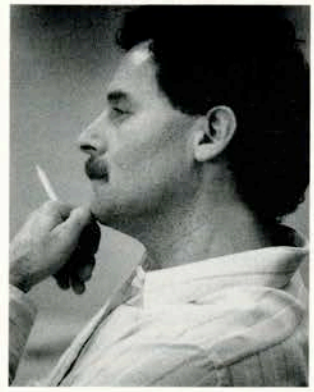
After the "ropes" events, the organizational behavior professors debriefed the groups—the students' respect for each other's skills was remarkable. The day in the wilderness resulted, among other things, in all students participating in class discussions—even those students for whom English is a second language.

Plans are now developing for the second year. MBA students have responded to the new curriculum with enthusiasm and good humor. They have provided valuable feedback that has resulted in responsible changes.

The next issue of EXCHANGE will feature the MBA curriculum changes. Look for a detailed description of the program then.

MSM Makes Another 'Best' List

In *Business Week*'s new edition of *The Best Business Schools*, the Marriott School of Management made the "best school by region" list. The publishers looked at MBA programs in terms of quality of teaching, curriculum, campus life-style, placement success, and the average starting salary and bonus for graduates. The Marriott School of Management is listed with other "West/Southwest" schools such as Stanford, UCLA, and the University of Texas at Austin. The review also includes data on enrollment, number of women, number of foreign students, average age, tuition, GMAT scores, and average GPA. By comparison, the Marriott School of Management's MBA represents a smaller program with a big reputation.



Itzhak Harpaz—Visiting Professor from Israel

Itzhak Harpaz (Ph.D., 1977, industrial relations, University of Minnesota) is a visiting professor of human resource management from the University of Haifa, Haifa, Israel. His areas of specialization include organizational behavior, personnel and human resources management, and cross-cultural comparative research focusing on work and organizations.

He has published articles and chapters on the above topics in professional journals and books (e.g. *Industrial Relations, Journal of Occupational Psychology, Journal of Occupational Behavior, Journal of Vocational Behavior, Human Relations, Journal of Organizational Behavior, Journal of International Business Studies*).

He is the author of several books: *Job Satisfaction: Its Nature and Consequences* (Libra), *The Meaning of Work in Israel* (Praeger), and has co-authored a book on *The Meaning of Working* in eight countries (Academic Press). Currently he is a member of an eight-country comparative project on work socialization of young people.

At BYU he is teaching "Introduction to Organizational Behavior," "Training and Development," and "Cross-National Aspects of Work Behavior."

Dr. Harpaz's wife, Yardena, his daughter, Ayelet (10), and his son, Oren (15), are living with him in Utah Valley while he serves as full-time visiting professor.

Professor Gibb Dyer Named Ascendant Scholar

W. Gibb Dyer, Jr., associate professor of organizational behavior, has been named one of four "Ascendant Scholars" by the Western Academy of Management. This award is given to those in the field of management who have demonstrated superior scholarship early in their academic careers. As a result of this award, Dr. Dyer presented his recent research findings on entrepreneurial careers at the Western Academy of Management meetings held March 20–23 in Santa Barbara, California. Dr. Dyer has been a member of the Marriott School of Management's Department of Organizational Behavior since 1984 and received his Ph.D. that same year from the Massachusetts Institute of Technology.

Apostle Addresses Entrepreneur Founders

"We must reach out and touch the lives of others in order that the feelings we have, the early training we have received, the blessings that have come to us may reach out and help build a better world." Elder L. Tom Perry challenged those attending the Fall Entrepreneur Founders Conference in the Marriott School of Management to do something for the benefit of mankind—something that will touch another's life and lift another's soul.

Elder Perry spoke of three fundamental principles that should be integrated into the lives of those who have the power, prestige, and opportunity to influence others.

First, *foster discipline and industry*. As a nation, America has become complacent and lax—not fostering in its children and grandchildren the desire to improve, to grow, and to achieve. He spoke of the Japanese, who arose from despair to a position of great power through diligent education and a desire to achieve.

Second, *establish and live a standard of values*. Elder Perry emphasized that individuals need to be taught not to compromise but to be true to those values and standards established by the Lord.

Third, *be an example of integrity, leadership, and community service*. Elder Perry recalled business leaders who were involved in community service—individuals who were volunteers and served as honest community leaders.

Conference participants were reminded that as entrepreneurs they are successful and influential in their business careers. They also know the challenges and the need for courage one must have to establish a business enterprise. Elder Perry concluded by calling on the attendees to act beyond their businesses and to influence the lives of others. "One person can make a difference—can influence a community, an individual, for good by rolling up the sleeves, living by established principles, and responding to a desire to be of service."

MSM Alumni Board Meets and Adds Members

The Marriott School of Management's 36-member alumni board met March 1 for its semiannual meeting at BYU. President Ralph Christensen of Digital Products, Foxborough, MA, conducted the meetings and discussions, which concerned fund-raising, MBA forums, communications with alumni, and student internships. The board is organized into three committees—alumni relations, fund-raising, and student relations. Eight new members have been added to the board:

- Dale Bradford ('79 B.S. and M.Acc.), Corporate Controller, MCC Companies, Inc., Eden Prairie, MN
- Kregg S. Hale ('83 B.S. and M.Acc.), President, Medical Payment Services of Maryland, Inc., Baltimore, MD
- Norman Nemrow ('79 B.S. and M.Acc.), Real Estate Investment, San Juan Capistrano, CA
- David Nielsen ('73 MBA) Vice-President, Sales, Bell Atlantic Systems Leasing International, Inc., Phoenix, AZ
- Robert Parsons ('81 MBA) Vice-President, Project Finance and Assistant Treasurer, Marriott Corporation, Bethesda, MD
- Rulon F. Stacey ('88 MBA) Administrator, St. Vincent General Hospital, Leadville, CO
- Stanford D. (Buddy) Stoddard ('84 B.S.) Assistant Vice-president, The Chicago-Tokyo Bank, Detroit, MI
- J. Douglas Whisenant ('72 M.Acc.) Vice-President, Finance and Administration, Williams Western Group, Salt Lake City, UT

During the meetings, Dean Fred Skousen presented the MSM strategic plan indicating that the element of service had been added, thereby encouraging MSM graduates to assume leadership roles in careers, church, and community and to provide financial support to the school. Dean Skousen also discussed MSM public information and fund-raising, indicating that the difference between Church funding and funding needed for program excellence will come from the MSM's fund-raising efforts. The board was reminded that it is a vital catalyst in successful

The MSM Alumni Board met March 1 on campus.

Marriott School of Management fund-raising.

Summaries of the three subcommittees included:

1. The board will assist in the student mentoring program by providing as many opportunities as there are students desiring them.

2. The board will support the student chapter of the BYU Management Society financially and otherwise.

3. The MBA Forums will be continued, and an alumni survey will be completed during fall 1991.

4. The fund-raising test program will be continued into Phase II (continued donations) and Phase III (training).

Working Papers Series Announced by MSM Research Committee

Under the direction of its Committee on Research, the Marriott School of Management has announced the creation of a working paper series. The series aims to stimulate and strengthen faculty scholarly research and make papers and scholarly projects readily available to faculty, students, and anyone interested in the topics addressed.

Committeeman Michael Thompson says the series will make the faculty's work far more accessible than it has been in the past. "Many of the manuscripts submitted for publication in the scholarly journals await review and eventual publication for many months," said Thompson, "and even when published, they are virtually inaccessible to non-specific readers who might have considerable interest in a certain topic. The working paper series will make these documents available while they are still being developed and edited, and provide a convenient list of titles to our faculty, students, and alumni." Further information on the series will be available in the next issue of EXCHANGE.

MBA David J. Bryce Receives Stoddard Prize in Finance

Dean K. Fred Skousen named David J. Bryce on March 22 as the fifth recipient of the George E. Stoddard Prize in Finance. The prize carries a $2,300 award to recognize the outstanding second-year MBA student who plans to pursue a career in finance. The Stoddard Prize was established in 1985, when Mr. Stoddard's company, W.P. Carey & Co., Inc., gave a $15,000 endowment gift in his name to the MSM. Mr. Stoddard is an alumnus of the BYU College of Business. Dean Skousen, in presenting the award, emphasized how the Stoddard Prize has become one of the Marriott School of Management's most prestigious academic recognitions.

Bryce received his MBA degree April 26, 1991. He is married to Angelyn Bryce and is the son of Professor Gale Rex and Bonnie Kay Bryce. In addition to his MBA degree, David also received his Master of Accountancy degree in April with an emphasis in management information systems. He graduated in the top 10 percent of his class and accepted employment in corporate finance. David is also trilingual as a result of his mission to Korea and his living experience in West Germany.

Dean Skousen (left) congratulates David Bryce and wife, Angelyn.

Exxon Outstanding Teaching Awards Go to Three MSM Faculty

Three MSM faculty received the prestigious Exxon Outstanding Teaching Award for 1991. Drs. Ray Nelson, managerial economics; Lee Tom Perry, organizational behavior; and Kevin D. Stocks, accounting, have been recognized for their teaching achievements. The award for each professor carries a $1,000 stipend and is funded by Exxon Corporation. Criteria for selection are outstanding classroom teaching, innovative curriculum development, and unique teaching methods. Nominations for the award are made by MSM faculty and department heads to the MSM faculty Research and Professional Development Committee, which nominates the final recipients to the dean.

Ray Nelson, assistant professor of managerial economics, has utilized the new TELE (Technologically Enhanced Learning Environment) classroom to provide exceptional learning experiences for his students. (A description of the Tanner Building TELE classroom is on page 15.) Dr. Nelson received a doctoral degree and two master's degrees from the University of California at Berkeley and his bachelor's degree from BYU (in 1975).

Lee Perry, an associate professor of organizational behavior, graduated magna cum laude from the MSM with his bachelor's and master's degrees. He earned his doctoral degree from Yale University in 1982 and taught at Pennsylvania State University and at Purdue University prior to joining the MSM faculty at BYU. He also received outstanding faculty awards in 1984–85 from Pennsylvania State University and Purdue University. Dr. Perry's recently published book, *Offensive Strategy: Forging a New Competitiveness in the Fires of Head-to-Head Competition*, has received national acclaim.

Kevin Stocks, associate professor of accounting, has taught at BYU since 1983. He received his bachelor's and master's degrees in accounting from BYU and earned his Ph.D. in accounting at Oklahoma State University. Presently, he is chair of an AICPA subcommittee—MAS Education and Information. Dr. Stocks holds a Price Waterhouse Research Fellowship and was honored in 1985 as Outstanding Teacher in the MSM School of Accountancy.

Executive Lecture Series Set for Winter

Three executive lecture series were scheduled for winter semester 1991. The Entrepreneur Lecture Series was held on Tuesdays and complements the MSM Entrepreneur Program directed by Dr. Brent Peterson and Ray Crosby. The Wednesday series focused on high-tech systems, and the Thursday series was the traditional Executive Lecture Series.

Over eighty-five executives come to campus each year to participate as executive lecturers in the MSM lecture series. It represents one of the largest programs of its kind in the country. The lecturers are not paid, and in addition, they provide their own transportation and accommodations. The MSM and nearly 600 students from all disciplines benefit from the "real world" experience and advice that these executives offer.

All of the executives who participate in the lectures are recognized as outstanding professionals in their careers. The lecture schedules for each semester can be obtained from Stan Quackenbush, MSM Lecture Series director, (801) 378-5082.

Robert J. Parsons Receives MSM Outstanding Faculty Award

Robert J. Parsons, a professor in the Institute of Public Management, was presented the Marriott School of Management's 1991 Outstanding Faculty Award. Dr. Parsons was selected because of his excellent teaching, research, and citizenship. The award includes a $1,500 stipend.

He has received several teaching awards, including three consecutive years as outstanding professor for the MHA program, recipient of the National Advisory Council Outstanding Professor Award for his contributions to the health-care industry, and as outstanding faculty member in the MBA program.

Bob was director of the BYU Survey Research Center from 1970 to 1974. His survey research experience includes project director for Merrill-Wirhlin Associates in Los Angeles, analyst for Decision Making Information in Anaheim, California, and resident scholar at the Institute for Social Research, University of Michigan.

Professor Parsons' administrative responsibilities at BYU have included chairman, Department of Managerial Economics; associate dean, Marriott School of Management; and director, Master of Health Administration Program.

Bob has been very active in professional organizations serving on committees and boards of several health-care agencies. He consults for several hospitals and is very active in the Utah National Parks Council, Boy Scouts of America. He was just released as stake president, giving him more time to spend with his wife, Connie, their children, and four grandchildren.

Hill and Haight Receive Major Awards

NAC chair Billeter (left) presents faculty award to Ned Hill.

Management Society chair Robison (left) congratulates Bob Haight.

Two major awards—The National Advisory Council Faculty Excellence Award and the BYU Management Society's Distinguished Service Award—were presented during the annual spring meeting of the National Advisory Council.

J. David Billeter, chair of the National Advisory Council, presented the NAC Faculty Excellence Award to Professor Ned C. Hill. Mr. Billeter highlighted Hill's contributions not only in the classroom, but also to the school and to the management world. "Professor Hill is recognized as an expert in the field of electronic data interchange." Dean Skousen praised Hill as ". . . a valued colleague" who has given dedicated service to the MBA Change Committee and to the Faculty Research and Development Committee.

M. Lavoy Robison, national chair of the BYU Management Society, presented the 1991 Management Society Distinguished Service Award to Robert P. Haight, a 1961 BYU business graduate. Bob, a vice president of Shearson Lehman Brothers (Salt Lake), was a founder of the Management Society's Salt Lake Chapter. In addition to his activity with the Management Society, he is serving on the MSM Alumni Board and has been asked to serve on the national Management Society Steering Committee.

Visiting Professor: Dr. Andrei R. Markov

Dr. Andrei R. Markov from the Moscow State University College of Economics visited the Marriott School of Management until March 28, 1991. He taught a class—"The Economics of Perestroika"—in which he discussed the history and background of the political and economic systems in the Soviet Union and some of the events leading to change. He also compared the Soviet Union with countries in Eastern Europe and the People's Republic of China.

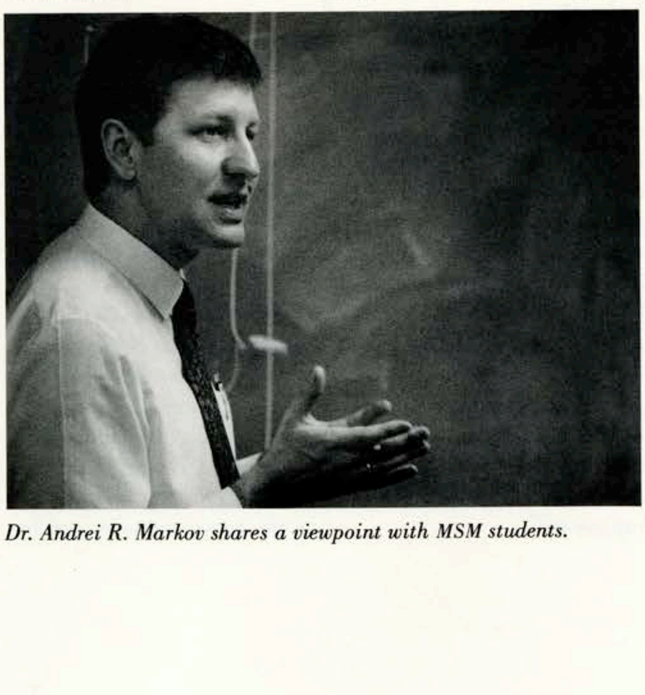
Dr. Markov and his wife, Olga, have two children: Olga (9) and Alex (5). His wife also is an economist; they met during Dr. Markov's doctoral studies at Moscow State University.

He received his Master's degree in economics in 1976 and his Ph.D. in economics in 1983 from Moscow State University. His doctoral dissertation is entitled "International Business Cycle under the Impact of Transnational Corporations." He has served as vice-dean of the College of Economics at Moscow State since 1989 and as a member of the faculty since 1979.

Markov's professional activities are many and diverse. His travels include visits to Brigham Young University in February 1990 and to Washington University at St. Louis in March 1990. He has attended international conferences in Washington, D.C., and Moscow and has participated in research and consulting activities in the Soviet Union. Dr. Markov has published on topics ranging from world economics to technological change and its effect on labor. He has appeared as a commentator on the education channel of Soviet television. He has also translated from English to Russian five chapters of *International Economics* by C. Kindleberger and A. Linderdt and four chapters of McConnell's *Economics*.

Markov said of his MSM students: "I am very much impressed with my class. They ask interesting and clever questions. They are fine students, who seem eager to learn."

He expressed appreciation to the MSM faculty who have worked with him. Dr. Heikki J. Rinne, associate professor in the Institute of Business Management, has been on leave in Finland and periodically has been giving seminars at Moscow State University. Dr. Scott M. Smith, professor in the Institute of Business Management, and Dean Lee H. Radebaugh were both in Moscow last year to set up a joint exchange agreement between BYU and Moscow State, which allows for regular faculty exchange between the two universities.



Dr. Andrei R. Markov shares a viewpoint with MSM students.

TELE Room Enhances Student Learning and Faculty Teaching

Because of Dr. Lynn McClurg's far sightedness and commitment to the use of advanced technology in the classroom, MSM students and faculty enjoy an enhanced learning and teaching environment in 280 TNRB—appropriately called the TELE classroom. TELE is an acronym for Technologically Enhanced Learning Environment. Dr. McClurg, former university vice-president for Information Systems, arranged for equipment funding and room redesign.

Existing lighting was rewired, and the blackboard was replaced with a six-by-eight-foot permanent screen. A movable whiteboard was installed to replace the blackboard, and three seats were removed, reducing room capacity to 84.

The TELE has eight multimedia functions, all controlled at the teacher's station. The room environment and multimedia equipment are controlled from a touch-screen panel. Multimedia projection is accomplished through a high-resolution, ceiling-suspended television projector. Console work lights illuminate the teacher station when the room lights are lowered for projection. The eight multimedia functions offer:

- Transparency projection through a television camera;
- Opaque projection through a television camera with special lighting;
- Projection of campus cable television through the console VCR;
- Motion picture projection via campus cable from the Fletcher Building;
- VHS videotapes played from the console VCR;
- A 386sx microcomputer with 100 megabyte hard disk installed in the console with a keyboard and track ball control;
- A MAC II with its own keyboard and mouse installed in the console; and
- TELE console hard-linked to the Tanner Building network, allowing access to network file servers. Computer access to other campus locations as well as to networks at other universities worldwide is also possible.

Faculty and students who have experienced TELE classes praise the on-the-spot facility that provides an added visual perspective to the learning process. For additional information regarding TELE, contact Dr. Lynn McClurg, (801) 378-3222.

Doyle Robison to Preside over London Mission

Doyle and Beth Robison have been called by the Church to preside over the England London Mission effective July 1. Doyle became the first director of the Skaggs Institute of Retail Management in 1976 and was instrumental in developing its curriculum and funding. His combined retailing expertise and reputation among business executives led quickly to national recognition for the institute.

Doyle received his bachelor's degree in business management from BYU and his master's degree in retailing from New York University. His retailing career includes being assistant to the president of Celebrity, Inc., New York City; vice-president and merchandise manager of Powers Dry Goods Co., Minneapolis; vice-president and merchandise manager of Stewart & Co., Baltimore; and vice-president of Sibley's, Rochester, New York. During 1981–84 Doyle was on extended professional development leave from BYU, serving as vice-president and general manager of Celebrity, Inc., New York.

Doyle's Church service includes serving twice as bishop and stake president. Recently he served as first counselor in the BYU Third Stake. He and Beth have five children and 12 grandchildren. Doyle's dynamic enthusiasm and energetic promotion of retail education will be missed by the MSM and many retail executives throughout the nation.

Gene Dalton Retires After 20-year Career

Dr. Gene W. Dalton retired January 1, 1991, after almost two decades as a Brigham Young University faculty member.

Gene grew up in Pocatello, Idaho. He received his university training at Idaho State University, the University of Utah, Brigham Young University, and Harvard Business School. Before coming to BYU, Gene was a faculty member for 10 years at Harvard Business School. He joined the BYU organizational behavior faculty in 1972 and was endowed with the Nyal and Bette McMullin Professorship in Entrepreneurship at Brigham Young University in 1986. He served as chair of the Department of Organizational Behavior from 1981 to 1986.

Gene has written six books, one of which, *The Distribution of Authority in Organizations*, won the Academy of Management Best Book in Management Award in 1968. He has also published a number of articles in the *Harvard Business Review, Organizational Dynamics, Research Management*, and other journals. He has researched and written on several organizational issues including organizational change, control, and career development. Gene has consulted with many firms including Citibank, Alcon, Phillips Petroleum, Honeywell, and Lawrence Livermore National Laboratories.

Gene's activities since retirement include working at Novations Group, Inc., a small consulting firm that he started with Dr. William (Bill) G. Dyer about 18 years ago. He is presently writing on the topic "Building Organizations More Like Us," which discusses changes taking place in American companies to fit American culture. Gene and his wife, Bonnie, have eight daughters. He is walking four miles a day and "feeling great!"

In Memoriam—Richard D. Hoopes

Richard Hoopes, at age 39, died October 22, 1990, after losing a determined battle against cancer. He leaves his wife, Kathryn, and six children. Rich was a district manager of 10 Mervyn's stores in Southern California and had the tremendous respect of family, friends, and business associates. Of particular note is the concern expressed by executives of Mervyn's as shown by their attendance at the funeral services. Of 18 senior company executives, 16 flew in from throughout the country to attend the service and pay tribute to one of their most promising young executives. A San Bernadino daily newspaper also took note of Rich's life and passing with a feature article, which focused not only on his professional business success, but also on his family and church accomplishments. Rich received his B.A. and MBA from Brigham Young University.

[Editor's note: EXCHANGE thanks Lorenzo N. Hoopes, uncle of Richard, for providing this information.]

Retail Execs Meet with Skaggs Institute

Top retail executives who serve on the National Advisory Board (NAB) of the Skaggs Institute of Retail Management met January 31 and February 1 at the Marriott School of Management. E. Doyle Robison, director of the Skaggs Institute, indicates that the board assists the institute by keeping it abreast of the changing trends and needs of the retail industry and by providing an ongoing review of the institute program. The NAB specifically helps increase student awareness of retailing, suggests appropriate research and seminar topics, and critiques institute programs for timeliness, appropriateness of content, and instructional value.

Board members include:

- G. Kent Burnett—Chairman and CEO, Dillard's Southwestern Division
- Don R. Clarke—Chairman and CEO, Caldor
- Richard T. Erickson—Executive Vice-President and Director, Corporate Personnel and Administration, JC Penney Company, Inc.
- Warren J. Feldberg—Executive Vice-President, Merchandising, Target Stores
- John A. McMillan—President and Director, Nordstrom, Inc.
- William W. Pfeiffer—Vice-President of Education and Human Resources Development, Fred Meyer, Inc.
- Donald G. Soderquist—Vice-Chairman, COO, Director, Wal-Mart Stores, Inc.
- Alan D. Stewart—Chairman, President, and CEO, Jewel Companies, Inc.
- Joseph A. Tomaselli—Executive Vice-President, Merchandising, Mervyn's
- Michael A. Weiss—President and CEO, The Express, a division of The Limited, Inc.

During the two-day meetings the executives participated in panel discussions and met with students and faculty. Of special note was the satellite hookup with Utah Senator Orrin G. Hatch in Washington, D.C. Senator Hatch presented and discussed current national legislation related to retailing.

Hale Honored as Distinguished Visiting Professor

Dr. Larzette G. Hale joined the BYU accounting faculty this year as the Georgia White Distinguished Visiting Professor of Accounting. She retired from Utah State University, where she was a professor of accounting for 18 years. For 13 of those years she was head of the School of Accountancy. She is national president of Beta Alpha Psi, which has 180 chapters at colleges and universities across the nation.

Dr. Hale also serves as chair of the AICPA's Education Executive Committee, which develops and implements AICPA educational policies.

Dr. Hale received her undergraduate degree from Langston University in Oklahoma and her M.A. and Ph.D. degrees from the University of Wisconsin—Madison. She is a registered certified public accountant in Georgia, Oklahoma, and Utah. In 1960 Dr. Hale's husband, Dr. William H. Hale, was elected president of Langston University, where she served as director of development. In 1972 the Hales joined the faculty at Utah State University. When her husband died in 1974, Dr. Hale and her daughter, Gina, decided to remain in Utah.

Among the honors which Dr. Hale has received are the following: Accountant of the Year in Education by Beta Alpha Psi, 1987; Outstanding CPA by the Utah Association of CPAs, 1983; Accounting Educator of the Year by the Utah Association of CPAs, 1990; and Utah State University's most prestigious award, the Nicholas and Katherine Leone Leadership Award as the outstanding administrator of the year, 1990. Dr. Hale has served as national president of the Women's Society of CPAs, as a member of the council of the American Accounting Association, and as a member of the board of the Federation of Schools of Accountancy. Dr. Hale brings a wealth of experience in accounting education and professional practice to the students of the Marriott School of Management.

[Editor's Note: Thanks to the Marriott School of Management *Student Journal*, February 1991, for the information, write-up, and "Closer Look . . ." at Dr. Hale.]

Reminder—Homecoming 1991

A Marriott School of Management reunion will be held during Homecoming this fall for alumni who graduated in years ending in "1" or "6." Activities will be held October 10–12. Additional details will be sent later by mail.

The BYU Army ROTC Ranger Challenge Team: Establishing a Standard of Excellence

by Capt. William L Gibbs and Lt. Col. John Norton, Jr.

In recent years Brigham Young University athletic teams have climbed into national rankings. Some people may not know that one of those teams, the hard-working, highly successful BYU Army ROTC Ranger Challenge Team, is sponsored by the Army ROTC, which is a unit of the Marriott School of Management.

The team's training schedule is intense. The team trains from 5:30 to 7 a.m. five days a week, two to three hours on Tuesday and Thursday afternoons, and often on Friday nights and Saturdays. Its regimen consists of countless push-ups, sit-ups, weight-room workouts, daily four-to-six-mile runs, hill reps, rope-bridge practice, range firing, and day and night orienteering practice. In addition, team members put in countless hours on their own.

The ranger challenge season runs from late August to late March, with major competitions in November, December, February, and March.

BYU's Army ROTC Ranger Challenge Team has achieved great success. The team has won the Utah state competition four of the past six years, and has won brigade-level competitions (equivalent to winning the Western Athletic Conference) every year since 1985.

History

The BYU Army ROTC Ranger Challenge Team competition began in 1982 as a local challenge issued by the University of Utah's ROTC Ranger Challenge Team to BYU's Ranger Challenge Team. The next two years the competition included schools from Utah and Idaho. In 1984, then-region commander Brigadier General Robert Wagner observed the competition and ordered that it be implemented throughout the 4th ROTC Region. In 1986, when Major General Wagner assumed command of the ROTC Cadet Command (ROTC's national headquarters), he directed that the Ranger Challenge Competition be adopted nationwide.

The Events

The competition has remained relatively unchanged over the past nine years. It consists of seven events completed in a 24-hour period: the Army physical fitness test, a one-rope bridge contest, an orienteering course, a weapons assembly event, a marksmanship competition, a grenade assault course, and, finally, a 10-kilometer forced march. During the regional competition an all-night patrol is added.

What Makes Our Team Unique?

BYU's current team members are Dave Mellars (team captain), Will Franklin, Wally Perschon, Brian Steed, Lane Packwood, Tad Stephen, Clyde Esplin, Jeff Cutler, and Cameron Cozzens. The team is coached by Capt. Bill Gibbs. At first glance, this team is no different from any other. They are not physically larger or stronger than their competition, they don't train any longer, nor do they use any special training techniques. Their

secret weapon—the team believes—is that every member is a returned missionary, all are active Church members, and all hold current temple recommends. "The team seeks to maintain a spiritual nature and strives to remember the source of its strength."

The Army ROTC Ranger Challenge team members are champions. They embody just one of the ways in which the Army ROTC is meeting its goal to produce excellence and to build leaders of character who will lead the nation to new standards of excellence in years to come.

Management Society Meets Worldwide

The MSM Management Society, which has 35 chapters in cities throughout the United States and abroad (Canada, Brazil, Hong Kong, Japan, and Korea), has grown to 5,000 members. The Management Society is not a fund-raising organization, but was established under the auspices of the MSM National Advisory Council to help enhance the careers of its members. Most of the members are LDS and alumni of Brigham Young University; however, those are not requirements for membership. Local chapters collect membership dues and use those funds for operating expenses.

The chapters determine the meeting frequency, with most meeting quarterly. Many superb meetings have been held this year, including BYU President Rex Lee's participation with the Chicago chapter. In the Dallas and Los Angeles areas, a Chairman's Banquet was held honoring local business executives. In February the Las Vegas Chapter held a luncheon and seminar that included "rapid-fire" speeches on topics of high local interest. Dean Fred Skousen gave a dean's report, and Dr. Alan L. Wilkins, MSM professor of organizational behavior, was featured speaker on the topic "What Happened on the Way to Excellence?"

A student Management Society chapter has been organized to assist MSM students with career planning while they are still at BYU. All MSM graduates are encouraged to participate in the chapter located nearest their places of employment. Following is a list of Management Society chapters and presidents:

Arizona	Mesa/Phoenix	Wendell W. Brock	(602) 833-8211
California	Los Angeles	Fred Carpenter	(818) 409-0115
	Orange/Riverside	Gregory A. Fisher	(213) 538-2314
	Sacramento	Ken Astle	(916) 927-7000
	San Diego	Stephen D. Dixon	(619) 470-4576
	San Francisco	Thomas W. Hart	(415) 772-7147
	San Francisco (East Bay)	James S. Greenan	(415) 935-0700
	San Francisco (North Bay)	Noel N. Nelson	(707) 745-0171
	San Jose	Chet Harmer	(408) 295-1020
Colorado	Denver	Robert Goss	(303) 751-7600
Georgia	Atlanta	Victoria Laney	(404) 587-4944
Hawaii	Honolulu	Jaren A. Hancock	(808) 841-2828
Idaho	Boise	Roy Ward	(208) 336-5511
	Pocatello	Kent Millington	(208) 236-4540
Illinois	Chicago	Robert L. Wells	(312) 993-5446
Michigan	Detroit	Paul Hansen	(313) 323-1832
Minnesota	Minneapolis	E. Bradley Wilson	(612) 431-2222
Missouri	St. Louis	Gregg K. Edwards	(314) 577-8000
Nebraska	Omaha	Vaughn Johnson	(402) 334-9434
Nevada	Las Vegas	Greg L. Jensen	(702) 383-8888
New England	Contact:	V. Stanley Benfell	(703) 739-6939
Oregon	Portland	John Dethman	(503) 796-2337
Texas	Dallas	Brent W. Romney	(214) 929-4374
	Houston	Kevin Bennett	(713) 652-6412
Utah	Salt Lake City	Richard "Rich" Nelson	(801) 355-0722
	Utah County	Denton R. Alexander	(801) 224-1900
Washington	Seattle	Ron Bean	(206) 241-2990
	Spokane	Matt C. Hawkins	(509) 535-7088
Washington, D.C.		Brian C. Swinton	(301) 380-1480
International	Brazil	Ronald R. Gunn	(011) 842-3863
	Canada (Calgary)	Thomas H. Olson	(403) 260-8523
	Hong Kong	Jonathan Chiu	
	Japan	Gordon Nebeker NM Rotchschild & Sons Limited AIU Building 1-13 Marunouchi Chiyoda-ku Tokyo 100 Japan	
	Korea	Jeff Jones Kim and Chang Seoul Building 114-31 Uni-Dong Chongro-gu Seoul, 100, Korea	
	Singapore	President A. C. Ho 336C Pasir Panjang Road The Long House Singapore 0511	

Corporate Wellness

continued from page 10

a decrease in absenteeism and an increase in productivity within their group. (Ralston, pp. 45–48).

Shared work is also becoming popular in many wellness programs. Employees unable to work full time can pair up and share a job position. For example, one employee may work Monday, Tuesday, and part of Wednesday, while the other employee takes over on Wednesday afternoon and works through Friday. In some instances this "gypsy" schedule also avoids the need to fund retirement and health-care costs.

Northeast Utilities Service Co. has organized 54 job-sharing pairs. Northeast's director of employee relations says that job sharers have better attendance and higher productivity than other workers. The director feels that these benefits more than offset the added expense of doubled employment-compensation taxes. (*Wall Street Journal*, June 4, 1990, p. 34).

A 1989 BYU study polled accounting firms, service industries, and financial institutions throughout the United States and Puerto Rico. The results showed that service industries are providing counseling and physical and mental health services to a greater extent than are the financial service industries or accounting firms. Firms sponsoring company-wide programs were willing to discuss benefits and costs, but firms with newer programs declined to participate in the study, indicating that new programs and proposed programs were proprietary and classified as confidential benefits. (Hartman, convention paper, November 8, 1990.)

Business-sponsored Programs

Child-care facilities, maternity-leave programs, on-site health check-ups, time- and stress-management seminars, and professional counseling programs are part of business-sponsored stress-reduction efforts included in many company wellness programs.

Child care. Child-care facilities are extremely popular among working parents, who often experience guilt from leaving children at remote day-care centers for long hours. Employers offering on-site child care report greater productivity among working parents and a heightened sense of gratitude and loyalty toward the company.

Maternity leave. Maternity-leave programs also relieve anxiety and stress in the workplace. For many working women the fear of losing a job because of an extended maternity leave is very real. Many companies, such as Aetna Life & Casualty Company, are offering generous maternity-leave opportunities.

At one time Aetna was losing many talented women employees who took maternity leaves and never returned. Many of these women believed that an extended maternity leave would jeopardize their jobs and, thus, that the only option to balancing family and work was to quit. Recognizing the dilemma, Aetna sponsored an unpaid, six-month family leave program that stopped the outflow of valuable employees and cut attrition of women who took maternity leave by half. (*Wall Street Journal*, March 20, 1990, p. 34).

Health checks. Free, on-site health checks are offered at many companies to monitor and identify employee health problems. Early detection programs are proving effective in lowering medical risk factors associated with serious illnesses. By detecting problems early, companies not only lower costly medical bills, but also respond more rapidly to worker's needs.

Stress and time management. Training in stress and time management is yet another wellness activity sponsored by many companies. By more effectively organizing their time and prioritizing their work, employees are better able to handle heavy work loads. Employees are also taught how to cope with stress by learning to relax and restructure elements of their internal and external environments.

Counseling. Professional counseling is provided by many businesses. Employees experiencing either job or family-related stress are encouraged to seek professional counseling. Offering such programs is sending the message to workers that management cares.

Conclusion

If companies are to survive the rigors and demands of the 1990s, they must consider worker health and well-being. Employee wellness programs are providing troubled businesses with creative, effective means to rejuvenate and invigorate a tiring, over-stressed work force and are proving to be more of an investment than a cost.

One health-care consultant predicts "a radical change in transforming sickness benefits into health benefits" during this decade as more companies implement and expand wellness programs to combat the rise in health-care costs. (Kertesz, p. 17).

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· *from* SOCIALISM *to* · FREE ENTERPRISE

· A DIFFICULT CHANGE OF DIRECTION ·

IN 1963 President Kennedy stood near the Berlin Wall and challenged those who questioned the superiority of democracy over communism with the stirring statement, "Let them come to Berlin!" Today, one could challenge those who question the superiority of free enterprise over socialism with "Let them come to Germany!"

Nowhere else are the differences between free enterprise and socialism more graphically displayed. Here, separated only by a man-made barrier, a people of the same culture, language, and ability labored for 40 years under the two economic systems. Here, the fruits of their labors are dramatically on display.

On a trip to West and East Germany in May 1990, we observed the dramatic contrast and felt the conviction of a people about whom we have cared deeply for nearly 30 years. We visited with economists from major universities and institutes in East Berlin, Dresden, and Leipzig as well as with a number of old friends in these cities. We also attended cultural events and visited a number of neighborhoods, stores, and day markets. The East Germany of today appears more like the West Germany we knew 30 years ago—the failure of socialism is evident everywhere.

Drawing on our experience and on economic theory, we've analyzed the dramatic events in East Germany—events that seemed to surprise politicians and news analysts—and have considered the difficult future of this country.

- What contrasting assumptions about human behavior and economic exchange are fundamental to socialism and free enterprise?
- Why was the Soviet Union finally forced to reduce its support to the government of East Germany and finally relinquish its power?
- What residual effects of socialism must East Germany overcome to bring free enterprise back?

Free Enterprise and Socialism

Free enterprise philosophy asserts that individuals should be free to pursue their own interests and reap the profits or suffer the losses from their endeavors. Free market advocates maintain that feedback from market conditions and competition helps achieve efficient resource use and thus benefits society.

Socialist philosophy asserts the opposite—that free enterprise will *not* use resources efficiently and that all will *not* benefit equally. This philosophy asserts that a central planning agency can determine people's needs and can best supervise production and distribution for the benefit of all. Critics of socialism fear that planning cannot be done effectively and that rewards for individual initiative or innovation are inadequate to motivate effort.

Proponents and opponents of these economic systems have contended in an ideological discussion for 40 years. But a visit to East Germany or other socialist countries suggests that the debate is over. Socialism has created only societies characterized by scarcity, poor-quality goods, noncompetitive industries, decayed and obsolete infrastructures, and low standards of living. In fact, East Germany has produced a privileged class that has exploited its workers. The West German economy has also produced both wealthy and poor people, but the standard of living for the vast majority of West Germans is much higher than that of East Germans.

Our East German colleagues repeatedly blamed the failure of East German socialism on the motivation of the people—workers, farmers, enterprise managers, and officials. Their explanation was not based on macroeconomic conditions, but simply on the level of individual motivation. Granted, the re-establishment of free enterprise in East Germany will require individual motivation, but the right macroeconomic environment must also be implemented.

The Decline of Socialism in East Germany

The Visible Steps of Decline

The fall of socialism in East Germany was very sudden. Although the Soviet Union's economic weakness had been steadily increasing, no one knew exactly when the system would snap. But understanding the basics of central

Phillip J. Bryson & Darral G. Clarke

ILLUSTRATION BY ROB COLVIN

planning, one could see that the decline was inevitable. The increasingly complex and interactive world economy had made the socialist economy an anachronism.

The rapidly weakening economic situation Gorbachev inherited prompted his willingness to pursue reform. The costs of the empire had simply become too great for the Soviet Union to bear. Neither Soviet troops nor influence were used to stop the hemorrhage of East German labor. Combined with increasingly large public demonstrations, this massive emigration spelled the doom of the Honnecker regime and the socialist economy in the German Democratic Republic (GDR).

The East Germans knew what a difficult experience the reform of a centrally planned economy could be from watching Hungary struggle through twenty years of its "New Economic Mechanism" without much improvement in living standards. But they were willing to take the risk—at the first free elections in over 40 years they voted for personal freedom, free markets, and economic and political reunification with West Germany.

Motivating workers in a socialist society is problematic because workers and managers, by their basic human nature, need rewards for their efforts and creativity.

Underlying Causes of the Decline

Less visible causes of the failure of Marxist-Leninist socialism can be considered in two broad classes of problems: (1) the basic human motivational causes, and (2) the problems inherent in a planned economy.

Basic motivational problems are what Gorbachev calls "the human factor"—the problems relating to motivating workers and managers, the pejorative view of profit and corruption associated with the second economy (the moonlighting sector), and the alienation of the working class from the Communist party. Concerning motivation, consider the following experience we had one evening in Dresden.

It was 7 p.m. as we walked past the concert hall where a major concert was to begin at 8 p.m. Across a wide courtyard from the concert hall were a number of restaurants and ice cream parlors—but they were all closed! What would have been a wonderful opportunity to make a profit for free enterprise businesses was considered only an unpleasant and avoidable increase in effort for the workers and managers in those businesses.

Motivating workers in a socialist society is problematic because workers and managers, by their basic human nature, need rewards for their efforts and creativity. Marxist-Leninist doctrine dismisses self-interest as inherently evil and adverse to societal interests. This perception engenders an antimarket mentality, which is very pronounced in Marx's writing.

Those who understand the positive characteristics of the free market mechanism recognize the potential gain that exists for both buyer and seller. "Bourgeois" economists refer to these as mutual "gains of trade." The socialist, antimarket mentality, however, refuses to recognize this mutual gain, seeing only exploitation of the weaker party in the transaction. Lenin expressed this reasoning in Russian as a *kot kogo*, "who whom," principle (this verbless formulation permits the reader to supply any verb that seems appropriate; e.g., abused, exploited, ripped off, manipulated, and so forth). Admittedly, market situations can give rise to inequitable transactions, but to believe that this must *always* be the case betrays a lack of realism. Continual transactions between trading partners account for much of the trade in a free-market/free-enterprise society, and such continuing relationships would not persist if one party were continually exploited. Free enterprise economies are built upon ongoing mutually beneficial trade relationships.

Another unreasonable assumption of socialism is that people will work only for the good for society—with no thought of self. The East German experiment with socialism proved that the societal rewards for unselfish effort (as well as the personal rewards for personal achievement) in East Germany were too small. A former plant manager and several professors told us that the difference between their rewards and those of low-level workers were inadequate to motivate workers to excel, to seek advancement, or even to motivate them beyond perfunctory diligence.

In fact, the rewards of not working were much better than the rewards for diligence. Because goods were in short supply, it was more rewarding to spend one's time seeking the products wanted and needed than to work and earn more money or advancement. Motivation to work disappeared because both job and salary were guaranteed; promotion was unlikely and unrewarding.

The centrally planned economy also caused unavoidable problems for the socialist system. Because of their preoccupation with exploitation as an inevitable condition of capitalism, socialist leaders decided to establish a management system that would take all managerial decisions concerning the marketplace away from individual production units. A central planning administration would determine prices, mandate aggregate quantities, and set production quotas. Because all production data theoretically would be available at the central planning administration, it also would perform all accounting and finance functions. And workers' organizational and personnel problems would be negotiated by the Communist party. The only remaining task for the plant manager was to receive assigned production factors and achieve the assigned quota.

What seemed like a reasonable system in theory broke down in practice for a number of reasons. The sheer volume of planning required in a complex society far exceeded the capacity of the central planning agency. Mismatching of products and consumer demand, as well as misallocation of production and labor, resulted in pervasive shortages.

Another problem was the lack of adequate feedback on customer satisfaction and product value. In a free market system, this feedback is a natural process—companies offering products of poor quality or limited value are soon out of business. This essential "quality check" has proven impossible to achieve in a planned economy.

Consider the problem from a socialist plant manager's point of view. The manager is responsible only to higher officers of the industrial planning hierarchy, and this responsibility is generally limited to achieving quotas. Thus, the plant manager is not interested in developing new products to serve market needs, improving product quality and customer satisfaction, or reducing costs and increasing efficiency. Making a profit is not a consideration because all revenue and expense accounting takes place at the state level. In fact, the manager has no way of determining if a profit or loss has occurred. Efforts directed at product improvement or innovation merely detract from meeting production quotas, upon which bonuses—the only rewards to workers and managers—are based.

A further difficulty in a planned economy is that all problems—from minor to critical—are passed to the plant manager's level. Suppose a worker runs out of material to operate a machine. The problem is reported from supervisor to supervisor until it reaches the plant manager, who must try to obtain more material. In the meantime, work stops. There is no incentive for the worker or supervisors to solve the problem. In fact, a work stoppage means an additional rest period or time to shop.

Because either labor or material shortages result in work stoppages and threaten goal achievement, the manager has great incentive to overstate the plant's need for labor and materials and to understate its production capacity. This self-imposed inefficiency is greatly compounded at the planning-commission level through deliberately misleading information received from each production unit.

In a free market, plant managers have access to information on prevailing labor costs, services, production factors, and sales. But where price and volume are established independent of market conditions, no economic signals exist, either at the factory or at the central planning level.

Comments from a professor we visited in Dresden expose the futility of central planning:

"I wish I could tell you that for 30 years I had been gnashing my teeth because I hated socialism, but it wouldn't be true. I was the youngest plant manager in East Germany. At 27 I supervised thousands of workers. After work, my fellow managers and I would stop at a tavern and excitedly discuss ways to organize and motivate our workers. We were so excited with the possibilities of socialism. For more than 30 years, I tried as hard as any man could try to make socialism work. But I can tell you now that it can never work. Socialism can never work!

Despite pervasive problems with socialism, a better standard of living did exist for a privileged class—the bureaucrats and the secret police. And it is from this privileged class that Gorbachev has encountered massive opposition in his plans for perestroika.

Further, a lingering problem is that all groups—consumers, workers, managers, central planners, and bureaucrats—persist in actions that benefit their own positions, causing the economy as a whole to continue deteriorating. Consumers complain about rising prices, workers strike for job security, and bureaucrats obstruct efforts to implement free market operation. Everyone wants government protection from personal risk. They do not realize that free market benefits are available only if the market is allowed to eliminate the unprofitable.

Effects of Socialism That Must Be Overcome

Just prior to economic reunion the two Germanies were functioning with two distinct price and productivity levels. The productivity of GDR plants was probably less than half that of Federal Republic of Germany (FRG) plants due to aged capital stock, poorly developed infrastructure, and lack of incentive. Products were not competitive with Western goods. The socialist system had alienated workers, burdened them with obsolete equipment, and provided only very modest living standards. Thus, output remained low and shoddy.

The East German economy was characterized by shortages that forced the Honnecker socialists to allocate most resources for producing consumer goods. In the process, much-needed investment in industrial capital equipment, new product development, quality control, pollution control, and essential infrastructure (such as highways, telecommunications, public buildings, and the rail system) was severely neglected.

The resulting problems are omnipresent. The sky is yellow, motor vehicles belch clouds of smelly exhaust, buildings deteriorate, the phone system is erratic, and trains are old, dirty, and crowded. Public buildings damaged in World War II, surrounded by the rusted skeletons of scaffolding, remain much as they were in 1945. Billions of deutsche marks are now needed to establish a viable infrastructure and clean up the environment.

Workers have had no incentive for diligence; guaranteed employment has been a socialist "right," and they want job security still. They still expect low prices for necessities. But they must learn to work efficiently to retain jobs that were formerly guaranteed. The value of their labor must surpass their desired wages. Prices of products must exceed their cost of production. Managers who have been accustomed to managing without risk must learn to operate efficiently and generate a profit. They must learn to develop and market products in a competitive and uncertain market environment.

In a sense, the East Germans want to have their cake and eat it, too. They want a free enterprise standard of living, but they want to skip the consequences of inefficiency.

Managers capable of functioning under the uncertainty of the market environment are in very short supply in East Germany, just as they are in the other formerly socialist countries. There is a great need for management education.

Scholars have been struggling to determine exactly what will best effect the needed changes. Reform programs suggested by the Marxist-Leninist countries since the mid-1960s have not achieved success; and even the most optimistic socialist plans would require the people to endure very difficult conditions for decades.

Only the Polish case, a "shock therapy" approach, gives hope for quicker movement to a market system. Poland derives its inspiration from history's only successful attempt to transform a planned economy to a market system—the West German case after World War II. That "economic miracle" was engineered by Ludwig Erhard, the West German economics minister, and featured currency reform and immediate decontrol of the economy through elimination of central planning. This approach in West Germany (admittedly under conditions different from those today) secured economic growth and prosperity with dizzying speed.

The Economic and Social Union of the Two Germanies

The state treaty of May 1990[1] combined East and West German economies and brought free enterprise to the German Democratic Republic. Article 1 of the treaty announced that the foundation of the economic union is a social market economy. It is characterized by "private property, competitive performance, free price formation, and free mobility of labor, capital, goods, and services."

Monetary union took place on July 2, 1990. As part of the economic union, all inter-German customs agencies disappeared, and the economic regulations of the Federal Republic of Germany now also pertain to all Germany. According to the treaty, regulations that commit individuals or state agencies to the socialist order, to the dictates and goals of central planning, to socialist legal consciousness, to socialist viewpoints, or to socialist moral tenets (or other comparable concepts) are no longer to be applied.

Freedom of contract is to apply, and state intervention in private commercial activity is to be as limited as possible. Entrepreneurial decision making is to remain free of planning directives, "for example, with regard to production, deliveries, investments, labor conditions, prices, and the disposition of profits."[2]

Private firms and self-employment are not to be treated differently than state-owned or cooperative firms. Price formation, except in cases where economic conditions make state intervention unavoidable, will be determined in the open market. "Firms in direct or indirect state ownership are to be managed according to economic principles. They are to be restructured as quickly as possible to be competitive and to function under private ownership to the greatest extent possible."[3]

Whether the transition to free markets occurs quickly and painfully or slowly and less painfully, four conditions must be achieved:

1. "Scarcity" prices (i.e., prices that reflect actual production conditions and consumer demands). Such prices can be established in a complex economy only through free play of market forces. Regardless of anything Gorbachev or the advocates of perestroika claim, real economic reform does not begin until genuine price reform begins.

2. Competitive conditions throughout the economy. The large production associations typical of central planning must lose monopoly. Managers must compete for workers, workers must compete for jobs, firms must compete for market sales, and consumers must compete for products. Inefficient enterprises must be allowed to fail.

3. Private property (including not only who owns what, but also a system of rules for its use). Socialists have demonstrated that people cannot be properly motivated to develop the productive capacity of resources only to benefit a nebulous class of ownership.

4. Convertability of the national currency. Unless the passport to a nation's treasures can be bought and sold within and without the national frontiers, a country cannot effectively participate in the process of international income generation and use.

Other East European economies may struggle for some time to achieve these conditions, but East Germany has the benefit of simply being absorbed into the West German economy and having all the requisite conditions apply immediately. The hardships associated with reform (i.e., higher prices and substantial unemployment) are unavoidable, but reunification can be expected to minimize the duration of these agonies—unless the government succumbs to the temptation to minimize unemployment through subsidizing inefficient East German cooperatives. Boom conditions that are likely to follow will bring new prosperity; and freed-up labor resulting from imposing market conditions on inefficient socialist enterprises will be available to expand badly needed services and investments.

East German Resistance

Pressure from the East Germans to avoid the pain of transition are understandable and can be viewed only with compassion. Who could be expected to accept job elimination without fear and apprehension? The news has been filled with reports of strikes, demonstrations, and protests. These activities clash with each of the necessary free market conditions listed above. In a sense, the East Germans want to have their cake and eat it, too. They want a free enterprise standard of living, but they want to skip the consequences of inefficiency. Who can blame them? But the fact remains: The economy that will provide the goods they desire can be achieved only if resources are redirected from inefficient enterprises to efficient ones.

If the German government seeks to minimize unemployment by subsidizing the large, inefficient East German cooperatives, the drain on capital available for rebuilding will be substantial. Furthermore, capital needed to start the desired 500,000 new "Mittlestand" (medium-sized businesses) will be severely reduced.

The eyes of the world are on East Germany—watching to see what will happen. In a very real sense, East Germany has only rejected socialism. Time will tell if they have accepted free enterprise.

Notes

[1] See "Der deutsch-deutsche Staatsvertrag im Wortlaut," *Der Tagesspiegel*, May 16, 1990, p. 7.

[2] *Ibid.*, p. 9. See "Die Leitsätze zum Staatsvertrag," Part A, Sections I–III, where most of the points under discussion here are raised.

[3] *Ibid.*

...From the Dean

Over the past 18 months, the Marriott School of Management Strategy Committee, composed of senior faculty members, has worked with me to develop an MSM Strategic Plan. This effort produced a mission and strategy statement that has been reviewed and refined by the faculty and members of the school's external support groups. The completed document is a tribute to those who took the time and the challenge to help write this major statement of values, goals, and processes for the MSM.

I recognize that the plan is dynamic and will need periodic review in response to internal and external change. For example, business education programs require innovation and updating to prepare graduates as productive members of society. The needs and demands of the job market change as new products and more efficient operations are developed. Major shifts in business opportunities require new responses and solutions (e.g., gearing up Western nations to handle business from a new Eastern Europe and the emergence of Asian nations as major players in the world economy). To prepare graduates who can face these challenges, the MSM must continue to move forward.

The Strategic Plan begins a process of managing changes within MSM programs. It provides an avenue whereby growth and change become positive factors for the school. It will guide in cultivating faculty, alumni, and friend support. For these reasons, I share a synopsis of this plan with you, hoping that you will catch the vision and challenge facing MSM students, faculty, and administrators; and I hope that it will create a desire within you to become an active part of this forward movement.

Fundamental Principles

Guiding principles have been established to serve as the basis for the MSM Strategic Plan. In brief, MSM faculty members fully support and

believe in the values, beliefs, and principles of Brigham Young University and its sponsor, The Church of Jesus Christ of Latter-day Saints, and accept the responsibility to assure that their teaching and actions are congruent with these principles. Quality students and faculty are welcome without regard to religious affiliation, race, sex, or national/ethic origin. The school functions most effectively when each individual, student or faculty member, is treated with honesty, dignity, and fairness.

Fundamental to these principles are actions that will help direct the school's activities. Our success will be determined primarily by the quality of its graduates and the reputation for excellence established by its faculty. For faculty members, these concepts encompass their commitment to excellence in teaching and outstanding scholarship in research and publications; to their participation in MSM and university assignments; and to appropriate activity in other professional areas, such as consulting. Resources will be used to reenforce these positive activities.

Students will be encouraged to gain an outstanding management education that acknowledges and builds upon their special strengths and characteristics. Faculty members carry much responsibility in providing educational

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Marriott School of Management Mission Statement

The mission of the MSM is:

—to educate students with ethical values, management skills, and leadership abilities needed in organizations worldwide.

—to conduct and publish research on management topics that are useful in academic and management environments.

—to foster an attitude of responsibility and service toward society.

We will accomplish this mission by:

—attracting and developing an outstanding faculty who are committed to excellence in teaching, scholarly productivity, and service to the university, profession, and society.

—educating principled students who are dedicated to personal integrity and a strong work ethic; who have a mature view of their responsibilities to serve society in the workplace as well as in the family, community, nation, and the world; and who will demonstrate—

- an integrated approach to spiritual and secular activities;
- leadership, interpersonal, and communication skills;
- a solid foundation in information management (computer) technology;
- an ability to integrate quantitative and qualitative approaches to management; and
- a global perspective and an ability to work effectively in diverse environments and cultures.

—building effective partnerships with students, faculty, external support groups, and the general management community to enhance curriculum development, to recruit outstanding students and to assist with their career placement, to foster joint research, and to increase the MSM's resources; and

—striving for excellence in all we do.

We fully expect that:

—graduates of the MSM will assume leadership roles within their families, churches, professions, and communities;

—faculty of the MSM will, through teaching, research, and service, improve the quality of management education in the world; and

—alumni and friends of the MSM will provide financial resources and professional support sufficient to enable the MSM to reach its destiny.

From the Dean

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opportunities; therefore, barriers to effective learning and teaching will be removed through flexibility and communication. "Centers of Excellence" will facilitate teaching, learning, research, writing, and curriculum development.

We recognize the need for financial and professional support, and every effort is being made to raise an MSM endowment, as well as working capital, and to inform the public about our activities and programs in order to gain commitments for assistance.

MSM Focus

Acknowledging the current MSM environment and resource base, it is important to focus resources—faculty, students, monies, time—on activities that are consistent with our mission, beliefs, and aspirations. The school is committed to focusing on the following:

—enhancement of faculty quality and development;

—faculty and student scholastic excellence;

—strengthening of selected MSM programs (currently four professional graduate degree programs and two undergraduate);

—continuing development of centers of excellence—two existing centers, the Skaggs Institute and the Smith Center for Free Enterprise Studies, are patterns for potential centers in international business and entrepreneurship;

—overall development of the Marriott School of Management; and

—more effective public information and external fund-raising.

If, after reading this abbreviated version of the MSM Strategic Plan, you would like to join the faculty and me in making this document the basis for continuing growth and development, please contact me. Your participation with us will help the process move forward more rapidly.

K. Fred Skousen
Dean, Marriott School of Management

Spotlight on...

D. Lee Tobler

Lee Tobler, one of the early appointees to the National Advisory Council (when Weldon Taylor was dean of the College of Business) is spotlighted as a BYU business graduate who achieved corporate status and professional success. He graduated from BYU in 1957 with a bachelor's degree in finance and economics, and he received his master's degree in business administration from Northwestern University in 1958.

Lee has been vice-president and chief financial officer of the BFGoodrich Company since January 1985. He serves on Goodrich's board of directors and is a member of the Corporate Executive Office. His responsibilities include the company's finance, treasury, accounting, tax, and management information systems.

A noteworthy professional accomplishment of Mr. Tobler's is his participation as a member of the BFGoodrich Senior Executive Team, which fundamentally restructured BFGoodrich companies and rebuilt its financial strength, positioning it for the twenty-first century. This transformation included withdrawing from the tire business, concentrating on the aerospace and specialty chemical business, and decentralizing management.

Before joining BFGoodrich, he was vice-president and chief administrative and financial officer for Zapata Corp., Houston, Texas. He spent nine years as vice-president and treasurer of Aetna Life and Casualty Company and 14 years with Exxon Corp. as manager of planning and economics for Exxon's Esso International subsidiary.

Tobler serves as a trustee and member of the executive committee on the Akron Regional Development Board. He served Raymark Corp. as a director from 1972 to 1986. He was president of Literacy Volunteers in Connecticut and was an executive board member of the Sam Houston Area Boy Scouts of America in 1984.

D. Lee Tobler

Lee and his wife, Darlene, have three sons, three daughters, and five grandchildren. The Toblers live in Marshallville, Ohio, where he has served as president of the Ohio Akron Stake for six years.

Marva L. Sadler

Marva L. Sadler graduated from BYU in 1978 with a bachelor of science degree in broadcast journalism and then worked for a year as an investigative reporter for WRFM (WNSR) radio in New York City. She then entered the Marriott School of Management, graduating with an MBA in 1981.

Her scholastic honors are many. As an undergraduate she received summa cum laude and Phi Kappa Phi honors and was a Spencer W. Kimball Scholar, Saul Hawes Scholar, and National Presidential Scholar. As an MBA student she was named Outstanding MBA Graduate for 1981, received the David M. Kennedy scholarship in 1979, and was a member of Beta Gamma Sigma.

After graduating with her MBA, Marva remained at the MSM as a finance and marketing instructor. In 1982 she joined Bain & Co. of Boston, where she worked as consultant, senior consultant, and management consultant manager. Since 1988 Marva has been management consultant manager at Marakon Associates in Stamford, Connecticut, responsible for multiple project assignments and key client relationships in health care and consumer products industries.

Marva has been a very active alumna. She served on the MSM Alumni Board from 1986 to 1989 and was a founding member of the New York chapter of the BYU Management Society.

Marva is presently planning to move back to Utah. This fall she will begin her Ph.D. studies in finance at the University of Utah. She then plans to become a professor and to continue her consulting.

Marva is originally from Kaysville, Utah. Her husband, Robert, an independent marketing consultant to the Japanese, is from Bountiful, Utah; they are the parents of three children.

Adilson P. Parrella

Adilson P. Parrella, a native of Sao Paulo, Brazil, will graduate this year from the Marriott School of Management with an MBA in marketing and international business. In 1989 he received a B.A. in communications, also from BYU.

After graduation, Adilson, his wife, Elaine, and their 11-month-old son will return to São Paulo, where he has accepted a position as regional manager for WordPerfect Corporation.

Adilson begins his new position with not only his MBA training but also his work and internship experience. In the summer of 1988 he returned to São Paulo as an intern reporter for the second largest newspaper in South America, *O Estado de Sao Paulo*, reporting trends and changes in the Brazilian economy and interviewing foreign investors. He also observed the writing and ratification of the new Brazilian constitution. In May, 1990, he was a consulting intern with Ruzi, Inc., in Salt Lake City, where he

Adilson P. Parrella

completed a feasibility marketing study on an $11 million project. He has taught managerial written communications as an MSM graduate communications intern.

His experience in communications also includes two years with *The Daily Universe*—first as a reporter, then as city editor. He has created radio commercials and has translated a television program from English into Portuguese. Adilson served as vice-president of the MSM International Student Association during the 1990–1991 school year. In addition he taught Portuguese at the Missionary Training Center and served a mission in Rio Grande do Sul, Brazil.

Jeff K. Bills

Jeff Bills graduated from BYU with a bachelor of science degree in 1978. He came to BYU on a full-grant athletic scholarship and played varsity baseball for Coach Glen Tuckett from 1971 to 1975. Jeff was also a David O. McKay Scholar.

He graduated in 1978 from the BYU Graduate School of Management with his master of public administration degree and an emphasis in health care administration. As part of his graduate work he completed an administrative residency at the corporate offices of Intermountain Health Care in Salt Lake City.

Since May 1978 Jeff has worked for the Scripps Memorial Hospitals. He worked first as administrative assistant to the president, then as associate administrator of Scripps Memorial Hospital in La Jolla, California.

In June 1986 he assumed his present position as vice-president and administrator of Scripps Memorial Hospital in Chula Vista, California. When Scripps acquired the Chula Vista hospital and Jeff took over, the hospital was losing $300,000 a month and had $4 million in outstanding debt. Less than two years after Jeff's appointment, the hospital was $2 million in the black.

In addition to leading Scripps Memorial out of financial peril, Jeff has succeeded in cultivating employee and physician trust as well as fostering an improved image of the hospital in the community.

For his success, Jeff Bills received the 1990 *National Healthcare Forum* Emerging Leaders in Healthcare Award. In the letter of nomination for that award, Ames Early of Scripps Memorial Hospital wrote:

The rapid success of SMH-CV, under Jeff's leadership, is a function of his ability to team build and maximize performance at all levels of the organization. His communication is open, direct, and ongoing and reflects a personal interest in every individual . . . . His commitment to basic values both personally and organizationally, along with his visibility in setting a personal example, developed a trust, openness, and sense of confidence that previously did not exist.

Jeff is a member of several professional and civic organizations. They include the American College of Healthcare Executives, Healthcare Forum, the BYU Management Society, the BYU Alumni Association, the Scripps Ranch Civic Association, and the Chula Vista Rotary Club. He also serves on the Committee on Indigent

Jeff K. Bills

Care for the Hospital Council of San Diego and Imperial counties.

Jeff and his wife, Leigh Ann, reside in Scripps Ranch. They are the parents of three children—Heather, Kevin, and Thomas. Leigh Ann serves in the stake young women's presidency, and Jeff is serving in the presidency of the stake single-adult branch. Jeff still keeps in baseball shape by playing in his community league.

Dave Whittle

Dave Whittle first entered BYU in 1974. During his undergraduate years he was a member of the Oratorio Choir, the International Folk Dancers, the Honors Program, Beta Alpha Psi, and ASBYU student government. He spent the summer of 1978 on an internship with General Mills. He graduated in 1979 cum laude with a degree in accounting.

After graduating, Dave accepted a job with Price Waterhouse and moved to San Jose, California. He later returned to Provo and worked as controller for Zeda Computers. A year later he left to co-found Lloyd's Computers in Orem's University Mall.

Dave entered BYU's MBA program in 1982. He worked for a summer as assistant to Dr. Steve Nadauld, MBA director, and also taught a finance class. He developed a dBASE II application to track MBA demographics, grades, and classes and also assisted the MSM placement center in developing its computer tracking system.

Upon graduating with his MBA, Dave accepted a position with IBM in Boca Raton, Florida. While there he worked as financial and capital planner for the developers of IBM's AT, EGA, and PS/2 systems.

Dave accepted a position with IBM in Washington, D.C., in 1986, becoming intimately involved with IBM's announcement of the PS/2 product line. He became account marketing representative on the U.S. Treasury account, focusing on the sale and support of PS/2s to the IRS and other Treasury agencies.

While working as technical lead on a $400 million bid for the Treasury, he developed some reference tables for the PS/2. The tables were published several times in different IBM publications around the world with a distribution of over 80,000 IBM customers and employees. For this contribution Dave was awarded $150,000—IBM's largest monetary award for an employee suggestion. The savings that have accrued to IBM from the PS/2 reference tables were documented to exceed $22 million.

Dave married Serena Robins, and they are the parents of four children—Jared, Nicia, Michael, and Andrew. He and Serena both serve as stake representatives to the Washington, D.C., chapter of the BYU Management Society. Dave was recently called as bishop of the Montgomery Village Ward.

Shae Adams

Shae Adams

Shae Adams of Ogden, Utah, is one among many promising undergraduate students attending the Marriott School of Management. She is a junior in business management with an emphasis in marketing.

In addition to her rigorous academic schedule, Shae finds time to be involved in several extracurricular activities. She is on the MSM Student Council Executive Committee as editor of the *Student Journal*, a responsibility that requires a tremendous commitment of time and personal attention. Next year Shae will be involved in the BYU Chapter of the Management Society, which will replace the Student Council. She is involved in the BYU Marketing Association and is a member of Beta Gamma Sigma, the national business honorary society.

Shae's scholastic excellence has brought her the honor of being BYU's first female Kemper Scholar. The James S. Kemper Foundation sends student scholars on summer internships to Kemper locations across the country. Shae spent her first internship in Overland Park, Kansas, where she worked as an underwriting assistant for Kemper Group Insurance. Last summer she was a marketing intern with Kemper National in Houston, Texas. This year she will work at Kemper national headquarters in Long Grove, Illinois.

Shae's plans after graduation include working for a few years in marketing and finance and then receiving an MBA from a "big name" school. Eventually, she hopes to teach at a university.

...Or So It Seems

Editors, as portrayed on TV and in movies, seem arrogant, demanding, self-centered, critical, and decisive—characteristics, also, of some non-editors I know, who have made it to the "top" and are definitely "in charge." So, when I was asked by Dean Skousen to be the editor of EXCHANGE, I wasn't sure that my personality fit my dramatic impression of an editor. Am I to be another Murphy Brown or a Lou Grant? Naïvely (which incidentally is synonymous with artlessly and ingenuously), I accepted, bought a copy of *A Life on the Road* by Charles Kuralt, and began my own publishing journey.

My first submission of articles and other written materials to the copy editor for review included several of my "Editor's notes," which I thought would make the writing more reader oriented and friendly. However, when Mr. Bronk returned the materials with his editorial suggestions and comments, he included a penciled note—"If you insist on including all of these editor's notes, you may be perceived as arrogant, self-centered, and pompous." Maybe I will become an editor after all.

The purpose of EXCHANGE is to develop reader identity with and loyalty to the Marriott School of Management. To accomplish this identification, EXCHANGE will include more alumni news; spotlight accomplished alumni, students, and faculty; and solicit articles from alumni, faculty, and friends of the MSM. The articles will include research reports and individual responses to current events. Each issue will also have comments from the Dean. The center section of EXCHANGE will be an UPDATE of happenings—newsy, important goings-on—in the MSM. Future issues will include book reviews—books written by MSM faculty and reviewed by MSM and guest reviewers.

We hope, too, that our readers will participate in an *exchange* of ideas and experience by writing "Letters to the Editor." We will publish your comments—critical or complimentary. If you have news items, nominations of individuals to be spotlighted, or articles of general business interest, send them to us.

As editor of EXCHANGE, I participate with several internal and external MSM committees. These committees have as part of their ongoing agenda MSM public-relations concerns and development. My role on these committees is obvious—to represent EXCHANGE's interest in and contribution to MSM public relations.

I have also been a BYU business faculty member for 23 years as an administrator and a teacher. Those 23 years have been filled with faculty assignments—including work with external advisory committees and groups. Over those many years, it seems that the interaction of these advisory groups with the faculty has not been adequately defined or fully promoted.

Comments from some members of these advisory committees during their meetings indicate that their offers of support, unless they are financial, go unaccepted by most of the faculty. The same few faculty recognize the enrichment opportunities outside speakers, internships, etc., can bring to their individual classes.

Fund raising by these advisory groups is a given. It is a major part of their efforts. I have observed that they seriously want to see the MSM listed with the top business schools in the nation and recognize that continual outside funding is essential to that farsightedness.

Members of MSM advisory committees are generally BYU alumni and special MSM friends. However, their drums of concern are sounding—concern that student admissions to BYU and to the MSM have become so restrictive that those individuals who contribute may not be able to have their families admitted to the MSM. Will future fund raising for the MSM be hampered by more restrictive admission requirements?

What should be the faculty's involvement in fund raising? This question forces painful recall of past faculty assignments to participate in fund raising. I, with other faculty, spent several evenings at the Alumni House, telephoning graduates from our departments, urging them to send donations. My total labor resulted in two $25 donations.

I have heard from faculty and administrators that perhaps the faculty has been making a continual financial contribution to the MSM in the differential between the salaries they receive at BYU and the salaries they could receive elsewhere. These expressions are probably correct, but the size of the contributions is questionable. Perhaps the faculty's research and teaching expertise and excellence could be combined with the enthusiasm and commitment of our advisory groups to produce not only successful fund raising but also enriched student learning.

If the Marriott School of Management is to become a leader in business education, as it expects to be, a common ground needs to be identified that establishes the mutual relationships between MSM internal and external advisory committees and the MSM faculty and administration. Where is that common ground? Somewhere between the political expectations of giving and the expedient respectfulness of accepting . . . **or so it seems.**

[Editor's note: Sincere thanks to those who helped us through this first issue—editorial staff, graphic designers, photographers, secretaries, and especially those who gave a "thumbs up" and an encouraging pat on the back.]

[Editor's note: Keep us informed of alumni activities and accomplishments. We plan on two EXCHANGE issues each year—fall and spring.]

Ed Nelson
Editor

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