The Spiraling Cost of Paper Processing
Dear Alumni,

Over the past few years many of you have expressed interest in an alumni directory. In response to this interest, we are presently compiling a Marriott School of Management Alumni Directory. All School of Management alumni will be listed alphabetically, geographically, by year and degree, and by discipline.

I have often emphasized the importance of networking and expanding your contacts to enhance your career development. The alumni directory is intended to be a resource for School of Management alumni to aid you in your networking efforts as well as in your attempts to locate classmates and friends. I encourage you to take advantage of this offer and hope the directory will be of value in both your professional and personal relationships.

Please see the business reply card in this issue of EXCHANGE for order information.

Sincerely,

Paul H. Thompson
ETHICS IN A LEGALISTIC SOCIETY
Michael S. Josephson

We are becoming such a legalistic society that we don't make determinations for ourselves on what is right or wrong. And because of that, while institutionally we may in fact be becoming more responsible and moral, individually we are becoming much less so.

ELECTRONIC DATA INTERCHANGE: REINING IN RUNAWAY PAPER PROCESSING
Ned C. Hill
The business world today runs on paper processing. One study estimates that the U.S. economy could save over $250 billion per year if corporations could wean themselves from paper document processing and replace it with electronic messaging.

BRIEFLY

1988 CORPORATE AND INDIVIDUAL DONORS

THE CHALLENGE OF IDENTITY: UNITY AND PERSISTENCE OF PERSONALITY
Edwin H. Wingate
I argue that a frontal attack on ethical behavior, per se, will not reach the heart of the ethical challenge. Moral behavior derives from character. Character flows from one's identity—that is, one's unity and persistence of personality.

FAITH, HOPE, AND CHARITY IN GRADUATE EDUCATION
Warner P. Woodworth
In past centuries it was the domination of the church, or some prince who ruled over the fiefdom, and the serfs performed their labor with primitive tools. Today's new feudalism consists of gigantic corporations that control the lives of millions of techno-peasants who wander throughout the kingdom with their computers under their arms.

ENDNOTE
To give you a tad of background, for the last two years I've been working full time in an institute that meets with leaders in American politics, business, law, and journalism and talks with them about ethics, their ethical obligations, and the practical, pragmatic applications of ethics to what they do. Virtually every program I do starts out with the implicit, if not explicit, question, "Are things really any worse?" As if comparisons are really the most material thing. How are we doing as a nation? Are we just reading more about ethical problems, or are there really more ethical problems now than there were before?

What you'll find is this: As with most issues, there's a spectrum of responses. On one end of the spectrum are the doom-sayers and alarmists who genuinely seem to believe that we're in a state of moral crisis, that, in fact, things have never been worse than they are now and that they're getting worse all the time. On the other end are the casual apologists who say, "No, things aren't so bad; in fact, they've never been better." And both sides can cite substantial evidence to support their positions.

For example, the alarmist or doomsayer is going to say, "Wait a minute. Let's look at what's going on in our society. Take the securities industry. First we had E.F. Hutton in check kiting, and then we had this whole insider trading thing with Ivan 'Greed is Good' Boesky. And now we have the half billion dollar man, Mike Milken. But that's not all. Look at defense procurement. Major companies—Teledyne, Northrup, Unysis, General Dynamics—are all involved in various ways." And then they'll say, "What about the banking industry? And now we have the savings and loan problem, which can be excused on all kinds of bases, but there's no question that there was rampant mismanagement and a lot of fraud. Everywhere we look there's corruption going down." So there is a lot of evidence to say that things are going to hell in a handbasket.

But the apologists say, "Now wait a minute. Look, look, look. Come on. That's all taken out of context." When I did a program for 60 generals from the Pentagon, one of the first things I was told was, "Look, you hear all about the $600 toilet seats and the cheating that goes on, and we don't make excuses for that. We shouldn't have it. But do you know we make 30 million acquisitions a year, and if you're going to report 10, 15, 20 mistakes, then who has a better batting average than we do?" So you see people trying to put it into another perspective. And they say, "Look, these are just aberrations from the normal course of business, which in fact has higher ethics than it has ever had. And there's good evidence for that. If you look over the last 20 to 25 years,
the movement, in terms of corporate responsibility, has been only in one direction. It's been toward much more responsibility—the responsibility corporations are taking with respect to the environment, with respect to product safety and healthier working conditions, and with respect to less discrimination.”

So who's right? Are things really getting worse? My honest assessment is that it's a little of each. On one level, institutionally, things are getting better—not only in business, but in politics and in journalism. Institutional and professional ethics have improved vastly. We are now criticizing things in politics and journalism and other fields that were not even thought to be worthy of criticism 10, 15, or 20 years ago. And that's because we are ratcheting up our expectations. The problem, however, is that most of the expectations that have created a greater ethical sensitivity and have diminished conflicts of interest, have been the result of regulation. By and large, they haven't been the result of voluntary determinations by any of the affected bodies. And although regulation has vastly improved a number of specific areas, from consumer protection to worker protection, it has also made it even more evident that people can substitute legal rules and standards for moral autonomy and judgment. And that's a real danger, because we are becoming such a legalistic society that we don't make determinations for ourselves on what is right or wrong. And because of that, while institutionally we may in fact be becoming more responsible and moral, individually we are becoming much less so.

Our moral muscles are atrophying because there are so many rules and so much regulation that people now simply ask the question, "Is it legal?" The assumption seems to be: If it's permissible, it's proper; if you have a right to do something, it is right to do it. And yet when we reflect on the meaning of ethics, we know that this never has been and never can be the true standard of ethical behavior, because legal standards have to be, by their very nature, consensus minimal standards of impropriety. They're consensus minimal standards of impropriety because we say that anybody who falls below this line is a crook, a sleazeball, and we'll even punish them. But for you to escape the sleazeball label and escape punishment is not to say that you have done the right thing. It's clear that an ethical person often does more than is required. An unethical person often does less than is allowed. I guess my ultimate point is that there's a lot of evidence that things are getting better. There's also a lot of evidence that things are getting worse. But in any event, you don't have to be sick to get better. And there's absolutely no question that we in the professions could make a significant social contribution if we took our responsibilities to affect the culture more seriously and more directly.

**Cynicism**

We have to be very cautious about becoming increasingly cynical. One of the effects of the tremendous amount of press coverage on all these terrible events is that soon you get callous, like the doctor gets callous to death and the lawyer gets callous to having people sent to jail. Soon we begin to expect it. Cynicism changes our expectations and, ultimately, our aspirations, because when we get so cynical that we don't expect more from others, we soon don't expect that much more from ourselves. This is a psychological reality that we need to guard against. One of the things I hope we will fight to preserve is our righteous indignation when someone within our society, and especially within our profession, violates fundamental principles of goodness—fundamental principles of decency, honesty, and integrity. There are many excuses, and I've been in many board rooms where I've heard, subtly phrased, "I'd like to be ethical, but my competitors won't let me, the state of the economy won't let me, my individual boss won't let me, our shareholders won't let us." And there are a million ways to pass off the responsibility. Remember what my favorite philosopher, Lily Tomlin, said, "The problem with the rat race is that even if you win, you're still a rat." And it seems to me that we can lose sight of that by getting cynical.

The danger of this cynicism is that the almost naive American idealism that has been so long associated with us will totally deteriorate, and we'll become just like the Europeans. They can't understand why many of the scandals we have here even make the news. If we lose that idealism, we start buying into a no-holds-barred, everybody-for-himself, look-out-for-number-one philosophy. This is illustrated by a story about the MBA who goes on a camping trip with his friend, and they look up and see a cougar. It's only about 20 yards away. All of a sudden the MBA starts to take off his backpack, and the friend says, "What are you doing?" The MBA says, "Well, I'm going to run for it." And the friend says, "But you can outrun a cougar." And the MBA says, "But I don't have to outrun the cougar. I just have to out-run you." This is a survival-of-the-fittest philosophy that cuts against the fundamentals of what ethics really are. It disturbs me greatly as I hear more and more accountants adopt the language of their more competitive MBA compatriots. "Well we've got mortgages, too; we've got to send our kids to college, too; we're in an incredibly competitive environment now; we're not only in the accounting business, we're in financial services and every other kind of business." And you hear implicitly in this what I heard in a very moving play, Arthur Miller's *All My Sons*. There's a part in that play where the son discovers that his father has clay feet, that he's done some things in business that weren't very acceptable. The father has always been a hero to him. And knowing that losing the esteem of his son is probably one of the greatest losses he can have, the father says, "Son, I know, I'm sorry. But, really, I'm no worse than anyone else." And the son says, "Dad, I know. But I thought you were better." And you see, that's the challenge of ethics—to be better. The challenge of ethics is not to be no worse than anybody else, not to justify and forgive yourself for the compromises you make, but to recognize that some people think you're better. And you can be better. But it's hard. Being better is hard.
Why Decent People Do Indecent Things

Our institute publishes a magazine called Ethics: Easier Said Than Done. And I stress that “easier said than done,” because I think it’s a mistake to be too pious or too glib or too sanctimonious about “Let’s all be ethical.”

There are very good and compelling reasons why fundamentally decent people do indecent or improper things. One reason is that a natural rationalization process occurs when our own self-interest is at stake, and consequently, we need to get an outside voice. Whenever we have a large personal stake in a decision that has significant ethical implications, we need an outside voice, because we are just too smart today. We’re too clever, and we can rationalize it.

I think of an example. I did a program for a group of editors at a major midwest newspaper, and they were telling me about an ethical dilemma they had in which they had discovered the whereabouts of a kidnap victim before the police did. Because of the circumstances, they concluded that the victim was safe, but it was going to be a terrific story. And they had to decide whether they were going to tell the police or whether they were going to wait until morning, get a picture, get a story, etc.

Now journalists, almost invariably, labor hard over ethical issues. They really do. And also, just as you do, they invariably end up concluding whatever is expedient. So after all that debate and soul searching that lasted until almost midnight, they decided, “No, the person is safe, we’re not going to call the police.” Finally, one of the editors said, “I didn’t realize what time it is.” And he called his wife and said, “Look, I’m about to come home, I’m sorry it’s so late.” And she said, “What did you decide?” She knew about the problem. And he told her. And he went through the reasoning. She didn’t even let him finish. She said, “You what! How dare you take that upon yourself?” And in two minutes she destroyed every argument with the simple stab of conscience. And he changed the decision.

Winning As a Moral Imperative

A second reason I’d like you to consider is how easily different professions start to translate their job into a sort of gamesmanship theory where winning itself becomes a moral imperative. I have seen this in every single profession. With politicians, what do you think the moral imperative is? Getting re-elected, absolutely, without question. Why is it a moral imperative? Well, because I can’t do all the good I’m going to do unless I have the power. What is the moral imperative for the journalist? Getting the story, the public’s right to know, the First Amendment. Clothe yourself in some self-righteous argument, and you can do almost anything. The Crusaders did. So, because getting the story is critical, and it’s imperative to me, if I have to sacrifice a nuance here and there in order to achieve it, it is ethically justified. The end justifies the means. What is the moral imperative in business? Well, in the larger sense, it’s to make a profit. It’s to succeed. But it isn’t any longer to just make a profit, is it? It certainly is not sufficient for the major public company to make a profit. It’s not even sufficient to make a reasonable profit. It is required, I suggest, to make the maximum profit every 90 days. Meeting the business plan becomes the moral imperative. Staving off the people on Wall Street and the stock brokers and the investment analysts and offsetting what they will say is the moral imperative. And the excuses are, “Well, I’m not really not doing this for myself; I’m doing it for others. Look at all the jobs I’m saving, not least of which is my own.” The lawyer’s moral imperative is to win for his client, and the accountant’s is to be a good representative for the client. And sometimes accountants think they’re like lawyers, and sometimes they think they’re auditors who are acting independently, and they flip-flop. At least I’ve seen that in terms of the mentality.

The point I want to make and reemphasize is this: If you believe you have a moral obligation to win, it follows that you will do whatever it takes to win. Politicians have said, “I’d like to be honest, but they won’t let me.” Who are “they”? The electorate. “If I really tell them that we have to raise taxes, they won’t elect me.” There’s some evidence for that. So because the electorate is acting without principle or conscience, then the elected official has to act without principle or conscience. And what he says is, “Well, I’ll be as honest as I can be.” What does that mean? It means he will also be as dishonest as he has to be.

I met one politician who said, “Boy, I’m sure glad you’re here. There’s a lot of lying up here. I hardly ever lie.” I responded, “Do you hardly ever take bribes?” In other words, what is this “hardly ever”? One of our problems is that we judge ourselves by our good intentions, by how good we want to be. But how do we judge others? We don’t judge others simply by their good intentions. We judge them by their acts. And we also judge them by how they go about achieving those good intentions. Sometimes you can have a terribly good intention, and yet what you do to achieve it is unacceptable. It’s wrong. But ultimately you have the end-justifies-the-means philosophy constantly pushing against you.

“Judge me by my good intentions. Judge me as a whole. Judge me on the average.” How many people say, “Well, I’m basically honest.” What does “basically honest” mean? It means, if it doesn’t cost too much, I’ll be honest. Because if you say you’re basically honest, it means you’re willing to be dishonest. And when do you think you’re willing to be dishonest? Precisely when you need to be honest. And that’s the terrific challenge.

Good Ethics Is Not Necessarily Good Business

I do seminars, and often the CEO will say, “Tell them that good ethics is good business.” If I polled you now, at least 75 to 80 percent of you would say, “Yes! I believe good ethics is good business.” No you don’t. You don’t really believe that, if you think about it. You think you believe it, because you want to believe it. But you can think of all kinds of examples where, for individuals, it hasn’t been good business. I suggest to you that the fields of battle are strewn with bodies of people who were ethical, and because of it they paid a price. Just
like people die in war. They are good people. Goodness does not guarantee winning. And unless we can teach that to people, they are always going to look for the angle. They are always looking for the win-win situation. And if they can't see the win in it, then "good ethics is good business" quickly fits in the mind to "good business must be good ethics." A very different proposition.

But ethics has nothing to do with business. It's a separate, independent evaluation of conduct that applies to all conduct. Ethics is like your skin—it goes with you everywhere. Ethics is a moral perspective that asks you to judge your conduct in terms of what's right and wrong, what's decent, what's good, what's honest, what's honorable.

The reason to be ethical is simply that it's the right thing to do. Everyone who wants to give an enlightened self-interest argument compromises and cops out on the ideal that ethics is right because it's ethics, that virtue is its own reward, and that's just how we're supposed to behave if we're good people. That's hard. What's the point of being a good person if there's no pay-off? Well, I suggest to you that while we do have capacity as humans to be awfully venal and do bad things, we all have the capacity to do very noble things and have a natural compassion.

Self-Interest
You think we're getting hardened in this society? Think back to how you felt when the Challenger explosion occurred and those poor people died. You didn't know who they were. But I'll bet you either cried or came close to it. Think how you felt when we discovered little Jessica McClure. She was down in that pipe. We didn't know her. But we have a natural caring and compassion that I fear is atrophying, because in too many arenas we've decided the only way to appeal to human beings is to appeal to their self-interest.

I do a good deal of work for both foundations and the non-profit organizations that seek grants from foundations. And I am startled and disturbed by the ease with which they have moved into the business jargon of saying, "Go tell them what's in it for them." Sometimes they stretch it beyond any realism, but they think that the only way to get you business people to give something is to convince you that it's an investment and that it's going to be good business in the long run. I have nothing against that kind of giving. Just don't call it philanthropy. It's marketing. But don't squeeze out the possibility of genuine caring and genuine giving. Don't squeeze out the possibility that there are people who say, "I don't care what's in it for me. I want to help." But we all have bought in so often to the idea that it's irrational to act in any other way except in self-interest that we're beginning to lose even the rhetoric. The rhetoric that moved me as a young man was, "Ask not what your country can do for you, but what you can do for your country." Maybe that's awfully corny, but it made a lot of difference to me. It's one of the reasons I'm in this business now.

Universal Values
I have to tell you, I did not move into ethics teaching easily or gracefully, because I graduated from college in the 1960s. And some of you who graduated at that time know that one thing you could not be was judgmental. I believed that. We were rebelling against all kinds of things. We were enlightened. We discovered, after all, that they eat dogs in Singapore, they worship cows in India. Who are we to judge? And thus, as a generation, many of us felt that there were no clear anchors in ethics, no enduring, universal values. But I suggest to you that there are. And I'll tell you how we came up with them.

We simply asked the question: "Who is the most ethical person you know?" Incidentally, we find that most people would like to be named by other people, and that's what we call ethical commitment. They want to be ethical. That's why they rationalize so hard and work so hard to justify what they do. And then we said: "Think of this person who you think is ethical. Now, what characteristics do you associate with that person?"

I'm going to suggest to you a list of characteristics that's a summary of the answers we get when we ask those questions. And we call these the Ten Enduring or Universal Values, and they are values for business executives, politicians, or anybody else. I suggest that nearly everyone in our Western culture believes in honesty, and if I had time I would argue the same for every culture (they just apply it a little differently). People believe that honesty is an ethical value and certainly is better than dishonesty.

Integrity, having the courage of one's convictions, acting on principle rather than expediency, is a virtue I think we all respect. Now that doesn't mean integrity is enough. Hitler had integrity. He had the courage of his convictions. You also have to have good convictions. But those people who blow with the wind, who are two-faced, who are hypocritical, who will not stand for anything, stand for nothing. So we think of integrity.

A third is promise keeping. Now, promise keeping is different from honesty, because most promise keeping problems occur after the promise is made. People are usually honest when they say they will do something. I'm still feeling guilty—two days ago I promised my son I'd exercise. I've got to lose weight. I promised him. He was pushing me. And I forgot. I got involved, and I didn't. I broke the promise. I've got all kinds of reasons and excuses, but I didn't promise, and I feel terrible about it. A stupid little promise. But I wasn't dishonest when I made it. Promise keeping has to do with your keeping the commitment.

Fidelity or loyalty. Oh, that's a tough one. You have so many loyalties. In fact, this is the cause of most ethical problems. Usually one loyalty is the excuse you use to sacrifice one of the others. Oliver North was loyal to one thing, so he was disloyal to a lot of others. And the real problem is sorting out your loyalties and understanding what can legitimately be expected from you as a loyal person. Who are you loyal to? The people in your firm, your clients? Who are your clients? Are they the people you're dealing with, are they the board of directors, or are they the shareholders? It's so difficult sometimes. But the fact is, one has to understand where that loyalty lies, and loyalty becomes a major
challenge for a person who wants to be ethical.

Fairness. Now, we don’t always know what fairness is. This reminds me of lawyers who used to teach trial advocacy. One of the great excuses for some of the unseemly things we do as lawyers is, after all, that no one knows what the truth is. But we do know what a lie is. And just because we don’t know if something is true, doesn’t mean we don’t know it’s untrue, and we don’t have any justification for trying to convince you of something that’s untrue. It’s the same with fairness. We don’t always know what’s fair, but we often know what’s unfair. And we also know that we all should try to be fair.

Caring for others. In many ways this absorbs all other values. The most significant and dominant ethical rule is still the Golden Rule: Do unto others as you would have them do unto you. The whole notion is love thy neighbor, care about others, you’re part of a community, you’re not an island unto yourself—all of those phrases—because if you don’t believe that, why be honest? What difference does it make if you don’t care about others? Use them—they are like trees or rocks. But one of the great human conditions is the natural compassion and caring we have, and the sense of community and of family. And so when you want to know what’s right, ask yourself how you would like to be in the other person’s position. The simple notion of empathy. Think of yourself as the person being lied to rather than the liar, and watch how your perspective shifts. All this white-lie nonsense. If it’s so white and so inconsequential, then, theoretically, the other person wouldn’t mind. Sometimes they don’t. Often they do. Somebody asked me at a workshop, “Are you really telling me that I should tell the truth all the time?” And I said, “Yup, as much as you can.” And he said, “Well, suppose, for instance, that my mother-in-law makes a pie. I hate this pie, but every time I go there, she’s so proud of her pie, and she says, ‘Well, how do you like the pie?’ Am I supposed to tell her the truth?” I said, “I think it would be better, kinder, and more respectful if you did. Why? Because what happens when you lie? First of all, it’s not good for you. What does she do? She gives you more pie. She’ll send you an extra pie. She thinks she makes great pies, so she walks around offering pies to everybody. If I ask you, ‘How do I look today?’ and you think, ‘He looks like a clown, but I’ll tell him he looks fine,’ then I go on TV looking like a clown. Thanks friend. What is the basis of that lie? A lack of respect for the autonomy of other people to make decisions about their own lives. And you have become a conspirator in it. For what? It’s not the end of the world if you don’t like the pie. Say, ‘Sorry, Mom. I don’t like it. Maybe other people do. I’m not one of them.’ Could you live with that? Sure you could. But why don’t you? Not because you want to protect her feelings, but because you want to avoid the confrontation.”

And most of the time these so-called white lies are really designed to protect us from the hassle and the difficulty. “No I don’t want to go to the party, but if I tell them I don’t want to go, it will be an issue. So I’ll just tell them I can’t go.”

Respect for others is different from caring. Respect for others says, “I may not even care about you, but I do respect your autonomy. I do respect you as a human being. I will treat you independently. I will not take information from you.” One of the hardest things for me, as an employer, is personnel issues. I hate them! I think of one situation in particular where I had a promotion possibility. And a likely candidate, who was really very capable, was a young married woman who had just had a child, and I decided she would never want that job because it involved travel; it involved many things I decided she couldn’t possibly want; it wouldn’t be good for her. So I never offered it to her, she never had the chance. Now, she may have turned it down. I don’t know. She may have agreed with me. But I realize now how incredibly pretentious that was, how awful that was of me to make the choice for her, rather than give her the opportunity, because, among other things, I deprived her of the pleasure of knowing that I thought she was worthy. That was a gift I had the opportunity to give, and I lost that opportunity.

Responsible citizenship means participating, being law abiding, being someone who is part of a community.

Pursuit of excellence means doing the job well. Why do I think that’s an ethical principle? Well, I have an accountant, and I don’t understand all my investments and what the tax consequences are. I give it all to him; I’m trusting him. I trust him to take care of my resources. I think he has an ethical obligation to be informed, to be prepared. It’s more than just a competency issue, it’s an ethical obligation, just like my surgeon has an ethical obligation to be excellent.

And finally, there’s accountability. That’s a hard one in our professions, in law and in accounting. How can we be both representational and accountable? The answer is that we never lose our moral autonomy. We’re responsible for what we do and what we don’t do.

Do All You Can Do
Each of these values will break down into very sophisticated subsets.

Honesty involves truthfulness, and it involves non-deception, which is different from truthfulness. In many cases it involves candor, and in some cases it doesn’t, depending upon the nature of the relationship and whether or not you have an obligation to be forthright. It is precisely the application of these subtle principles—truthfulness, non-deception, and candor—that I urge you to explore. I urge you to explore them in various relationships. What’s your responsibility with the IRS? Truthfulness, non-deception, candor, or all three? What’s your responsibility vis-à-vis subordinates, shareholders, the readers of your statements?

Ethics is easier said than done.

There are going to be times when you feel like a salmon swimming upstream. And you’re going to say, “This is nonsense. I can’t do this. I can’t be the only one trying to be ethical.” I just suggest you remember the words of Edmund Hale, who said, “It is true I am only one person; but I am one. And the fact that I cannot do everything will not prevent me from doing all that I can do.” Every one of you can be enormously influential and can do much.
senior manager at Chapperal Steel decided to send a message to the executive committee. As committee members filed into the appointed meeting room, they found lining the room not the expected rich mahogany panels but layer upon layer of assorted paper documents from floor to ceiling, covering the entire room. “This, ladies and gentlemen, is the ton of documents necessary to produce a ton of steel.” Point made, top management at Chapperal Steel is now firmly behind the effort to implement electronic data interchange (EDI) and help keep the firm among the low-cost producers of steel in the U.S.

Ned Hill is the Joel C. Peterson Professor of Business Administration in the Marriott School. He received his Ph.D. from Cornell University in 1976, taught for several years at Indiana University, and has been a faculty member at BYU since 1987. He is a director of the Financial Management Association and co-editor of Forum The Journal of Electronic Data Interchange.

NED C. HILL
Why EDI?
The business world today runs on paper processing. Over 47 billion paper checks exchange hands in the U.S. each year. In some corporations more than 50 percent of overhead costs result from processing pieces of paper, such as purchase orders, invoices, bills of lading, and shipping notices. A large office supply firm estimates the cost of preparing and processing one purchase order at about $120. The automotive industry has computed the savings that could result from eliminating paper and moving to EDI $200 to $1,000 per car. One study estimates that the U.S. economy could save over $250 billion per year if corporations could wean themselves from paper document processing and replace it with electronic messaging. The need for increased productivity is obvious. If North America is to regain its competitive position vis-a-vis the rest of the world, methods must be found to lower the costs of production. A new technology based on a combination of computers and electronic communications may be the key. The technology is called Electronic Data Interchange or EDI.

What Is EDI?
EDI is a technology that sends business documents using electronic messaging rather than paper. Instead of sending a manually typed purchase order, for example, a buyer would send an EDI purchase order directly from the buyer's computer, through an electronic mailbox, to the seller's computer. EDI is not facsimile transmission (FAX), Fax is a completely unstructured electronic communication. The recipient of a Fax message would have to key the information into a computer system before it would be computer processable. What's so impressive about sending a structured, electronic message from one firm to another? Productivity

Inefficiencies of Paper-based Information Systems
There are many problems with our paper-based transaction system.

Time delays Transaction delays in the paper-based system are caused primarily by two factors. The first is transportation delay, caused by the mail system or by any other system required to physically move paper documents between parties. The second is the manual processing delay, caused by the need to key and re-key information. Most of the data produced by one firm is manually reproduced from data already keyed by another firm. Delays in transporting and keying result in ordering, billing, and payment delays, poor customer service, and inadequate management information.

Labor costs In a paper-based system, manual processing is required for data keying, document storage and retrieval, document matching, envelope stuffing, etc. While automated equipment can help, few will argue that labor costs for document processing are significant. Labor-based processes are, relatively, much more expensive than non-labor-intensive operations.

Errors Because the same information is keyed multiple times, paper-based systems are error prone. The A.D. Little study of the grocery industry in 1980 estimated that more than 3 percent of all invoices between wholesaler and distributor contained errors. According to the study, these errors could be largely eliminated with EDI.

Inventory Because of delays and uncertainties in paper processing, inventories may be higher than they need be. Lead times with paper processing are long. In a manufacturing firm, achieving a just-in-time inventory system may be virtually impossible with the delays inherent in a paper-based processing system.

Speed of Processing With paper processing, it is impossible to provide the time-sensitive, quality service now demanded by today's customers.

Uncertainty Uncertainty exists in three areas. First, transportation and keying delays mean that timing is uncertain. Once a transaction is sent, the sender does not know when it will be received or when it will be processed. Second, the sender does not know if the transaction is received at all or if the firm agrees with what was sent in the transaction. Third, in the payment area, it is difficult to tell when a paper check will clear back to the disbursement bank.

Firms Will Eventually Be Forced to Move to EDI or Lose Competitive Positions
It is no secret that labor costs have increased at a higher rate than other production costs and that labor costs are higher in the U.S. than in other countries. By comparison, the cost of computers and communications equipment has decreased dramatically over the past few years and should continue to decrease in the future. Hence, firms sooner or later will be forced to turn to EDI, or they will not be able to compete with firms that do use EDI.

Implementing EDI Reduces Costs
The Bergen-Brunswig Corporation, one of the largest pharmaceutical distributors, now takes more than 99 percent of its purchase orders via EDI. To replace the cumbersome manual order lists that were filled out by sales personnel as they visited pharmacies, Bergen-Brunswig changed to a system of hand-held scanning devices. The scanning device is used to wand the shelf label for each item in the pharmacy. Wanding quickly captures the unique product code of the item. The pharmacist then simply keys in the amount of the item to be ordered. Once all the quantities are entered, the pharmacist attaches the scanning device to a telephone and sends the order electronically to a Bergen-Brunswig distribution center computer. Within minutes an inventory picking list is automatically produced, the order is filled and sent, and products are received at the pharmacy the following morning. The benefits to Bergen-Brunswig have been substantial, the order entry staff has been eliminated, the sales staff has become much more productive, customers are enthusiastic and more loyal to Bergen-Brunswig; and productivity per employee at Bergen-Brunswig went from approximately $150,000 in 1976 (when the EDI project was started) to $800,000 in 1984.

Super Value is a very large grocery distributor. The whole industry had been plagued by an enormous sea of paperwork to handle frequent price changes and promotion announcements. Super Value had more than 100 people in accounts payable before it...
undertook a large-scale EDI implementation project. Part of the effort included replacing paper price changes and promotion announcements with EDI transactions. Today a significant fraction of Super Value’s suppliers have converted to EDI. Computers now handle the constant information flow, and the staff in this area has been reduced to less than 20 people. George Klima, former systems chief at Super Value, estimates that the firm saves well over $600,000 per year because of EDI.

K mart developed a proprietary EDI purchase order system for use with its many suppliers. K mart prepares electronic purchase orders and places them in an electronic mailbox. Suppliers dial the mailbox and download orders on a daily basis. The process has enabled K mart to save five days’ worth of inventory because of the faster turnaround on their orders.

Levi Strauss uses an EDI system to link with retail stores. When the retailer sells a pair of Levi jeans, the data is captured at the checkout register and forwarded electronically to Levi distribution centers. A replacement pair of jeans is on its way shortly. Retailers are pleased because the system permits them to experience fewer stock-outs and, at the same time, holds 25 percent less Levi inventory. Profits at EDI-capable stores have increased by 25 percent.

At a number of Ford plants, such as the Cleveland casting plant, suppliers have been informed that they must become EDI-capable if they want to be considered a high-quality supplier (and thereby qualify to do further business with Ford). For many operations Ford is implementing a just-in-time inventory system. Rather than keep materials on hand, Ford sends an EDI material release to suppliers and informs them of the schedule for future material needs. On the day of shipment, the supplier sends Ford an EDI advance shipping notice, spelling out exactly what materials are being sent. Ford monitors these for potential problems. When the shipment arrives, it is “just-in-time” to be used on the assembly line rather than to be stored in inventory. Electronic communication makes this kind of just-in-time inventory system possible because mail and manual processing delays are eliminated.

The Infrastructure of EDI
While computers and electronic communications have been around for decades, the prediction of a “paperless society” has been a false prophecy. Early attempts to unify the business world through electronic communications failed. Why is it now succeeding? Only recently has the infrastructure to support EDI fallen into place. The elements of the infrastructure are:
1) nationally accepted format standards that enable firms to communicate in a common language,
2) software to translate data from the many different formats firms use internally into a standard format,
3) value-added networks that enable different computers and different communication protocols to communicate easily with each other, and
4) inexpensive computer hardware that enables both small and large firms access to EDI.

The Need for National Standards. To send documents to each other electronically, firms must agree on a specific data format and technical environment. In the early days of EDI, large firms announced a proprietary format and communication interface and either encouraged or mandated trading partner participation. K mart, for example, developed a proprietary purchasing system for sending electronic purchase orders to its suppliers. Firms wanting to sell to K mart agreed to adopt those conventions.

Proprietary data formats work well enough when a firm deals with only one, two, or a small number of partners. Suppose a K mart supplier wants to also supply Sears, which has a different data format. The supplier would have to install a second system to comply with the Sears format. Suppose the supplier also wants to sell to Service Merchandise, which has yet another format. A third system would be needed to interface with the Service Merchandise format.

It should be clear that widespread implementation of EDI could not proceed without the development of widely accepted data format and communication standards. If K mart, Sears, and Service Merchandise agree to use a common standard, then the supplier who wants to sell to all three needs to maintain only one system to read electronic purchase orders from them all.

Transportation Data Coordinating Committee. The development of widely accepted standards has been formally under way since the formation of the Transportation Data Coordinating Committee (TDCC) in 1968. This non-profit organization set out to establish standards for communications between and within railroads, ocean carriers, air carriers, and motor carriers. The first TDCC standard was published in 1975.

The TDCC has subsequently broadened its reach to serve as administrator for several different industry groups. Each industry served has a standards committee made up of industry representatives. The standards committees determine new standards, modify existing ones, and pass the information on to the TDCC for publication and distribution.

ANSI X12 Committee. In 1978, the Credit Research Foundation and TDCC formed the BUSAP (Business Applications) Committee, which subsequently received a charter from the American National Standards Institute (ANSI) as the ANSI X12 Committee. The charge of this committee is to develop standards that will be acceptable across industry groups. In 1983, five standards were published by X12. The ANSI X12 committee has subsequently published standards for more than 20 documents including purchase order, remittance advice, invoice, and request for quote. Work is going forward to define EDI formats for an additional 100 documents.

Parallel efforts in standards development have also been proceeding in Europe, leading to the development of EDIFACT standards (EDI For Administration, Commerce and Trade). The EDIFACT committee worked out a common data dictionary and syntax rules, so that different industries and countries can base standards on the same building blocks.

Translation Software. EDI translation software performs three functions. First, file conversion software takes data stored in the firm’s business application and reformats it for input into the
formatting software. Second, formatting software operates on this input data and translates it into the desired EDI standard format. Third, communication software dials the trading partner or communication network and sends (or receives) the EDI-formatted data to (or from) another party's computer using acceptable protocols.

Over the past five years, a number of software firms have developed off-the-shelf translation packages, available at initial costs ranging from $800 to $3,000 (plus annual maintenance fees), that support EDI translation on a microcomputer. Software packages are also available for mini- and mainframe computers at costs ranging from $10,000 to $30,000 plus annual maintenance. Most EDI software is table driven, meaning that by changing input tables, the software can produce any desired transaction set.

Value-Added Networks (VANs). When firms first began using EDI, most communications were directly between trading partners. In recent years a service has been developed that solves some of the problems of direct communication. Direct-computer-to-computer communications with a trading partner requires that both firms use similar communication protocols, have the same transmission speed, have phone lines available at the same time, and have compatible computer hardware. If these conditions are not met, then communication becomes difficult, if not impossible. A value-added network (VAN) can solve these problems by providing services that enhance the basic phone network.

VANs provide one or more of the following services relating to EDI. Mail-boxing permits one trading partner to send transactions to the other's mailbox for storage. When the other trading partner is ready, it will retrieve the transactions. This solves the problem of finding a time when both partners can communicate. Protocol conversion means that one partner can use a communication package with one transmission protocol and communicate with a partner who uses another protocol. Some VANs offer standards conversion, meaning that a transaction set could be received in a proprietary format and then translated into an X12 format before being sent to a trading partner. Some VANs provide implementation assistance in the form of consulting, software, and training of trading partners. All VANs permit line speed conversion, so that messages may be received and sent at whatever line speed the user requires.

Inexpensive Computer Hardware. It is clear to anyone who keeps an eye on the prices of microcomputer systems that the unit cost of computer power has come down significantly over time.Cost for a microcomputer system capable of running most EDI translation packages is in the neighborhood of $4,000 to $6,000. Machines are now faster and have more memory. This increase in power coupled with decrease in cost has made EDI quite accessible to even very small firms.

**Summary**

EDI is the sending of structured, electronic messages from one business application to another. Because of the many advantages of electronic communications over paper documents, EDI will have a significant impact on business management. EDI can impact virtually every organizational segment of the firm: legal, audit, purchasing, manufacturing, finance, marketing, etc. While the paperless world may not be "immediately around the corner," as so many have predicted for years, the movement is solidly in that direction. The technological infrastructure is in place: standards, software, value-added networks, and inexpensive computer hardware. The need to improve productivity is unquestionably present. Several industry leaders have already committed themselves to make EDI happen. It is only a matter of time before EDI becomes the standard mode of corporate-to-corporate information exchange.

**References**


**Exhibit**

<table>
<thead>
<tr>
<th>Unstructured Electronic Messaging</th>
<th>Highly Structured Format</th>
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<tbody>
<tr>
<td>Facsimile Transmission Mail</td>
<td>Genere Industry Proprietary Standard Conventions Format</td>
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Electronic data interchange includes generic standards (e.g., ANSI X-12, UCS, WINS) as well as more narrowly defined industry standards and very specific proprietary formats. EDI is not facsimile transmission, which sends unstructured data that would have to be keyed into a computer system. EDI is also not electronic mail, which is computer-readable but also relatively free-format.
Briefly

Skousen Named Dean of Marriott School

K. Fred Skousen, Peat Marwick Professor of Accountancy and founding director of the BYU School of Accountancy, has been selected as the new dean of the J. Willard and Alice S. Marriott School of Management. In announcing the appointment, President Rex E. Lee noted that Skousen’s specialty in accounting has not limited his viewpoint. “Fred Skousen’s vision has always encompassed the entire field of management. He will apply that broad vision now to build on the already great momentum and excellent reputation of the School of Management.”

Skousen graduated as valedictorian of the BYU College of Business class of 1965 and later earned master’s and doctoral degrees from the University of Illinois. He taught at the University of Illinois and at the University of Minnesota, where he received a distinguished faculty award, before joining the BYU faculty in 1970. He served as director of the School of Accountancy from 1976 to 1984.

Skousen is the recipient of numerous awards, including the Distinguished Faculty Award from BYU’s College of Business in 1975, the National Beta Alpha Psi Academic Accountant of the Year Award in 1979, and the Karl G. Maeser Research in Creative Arts Award in 1980. He has written more than 40 articles, research reports, and books.

Thompson Receives Appointment

Paul H. Thompson, dean of the Marriott School of Management since 1984, has been appointed vice president for development and university relations, a new position at the university. Thompson is known nationally for his expertise in organizational behavior and career management. He is co-author of Organization and People: Readings, Cases, and Exercises in Organizational Behavior and Innovations: Strategies for Career Management. His articles have appeared in Harvard Business Review, Research Management, Management Review, and Organizational Dynamics. He has also consulted with a number of companies, including Good year, Exxon, IBM, General Electric, and Citibank.

A University of Utah graduate, Thompson earned his doctorate at Harvard University in 1969. He remained there as an assistant professor in the graduate school of business until 1973 when he joined the BYU faculty. Before becoming dean, he chaired the Department of Organizational Behavior and was assistant dean of the Graduate School of Management.

As dean of the Marriott School of Management, Thompson has focused much of his energy on building partnerships with industry, improving alumni relations, and expanding the school’s endowment. He has also promoted three of the Marriott School’s inherent strengths: entrepreneurship, international management, and ethics.
Alumni Newsletter

The Marriott School Alumni Relations Office will begin publishing an alumni newsletter, which will be sent to all alumni. The newsletter and EXCHANGE mailings will alternate each quarter. You can therefore expect to receive EXCHANGE in October and April and the alumni newsletter in January and July. If you have any suggestions about the content of the newsletter, or if you have some news that would be of interest to MSM alumni, please contact either Emily Hart or Roger Terry at 490 TNRB, Provo, Utah 84602. You can also call (801) 378-5083.

Smith to Head Institute of Business Management

Scott M. Smith has been named director of BYU's Institute of Business Management. Smith replaces Robert Daines, who will return to teaching and research.

Smith joined the faculty in 1981 and specializes in health care and retailing survey research. He has served on the editorial review board for the Journal of Health Care Marketing and was regional director of the Western Marketing Educators Association.

Before joining the faculty at BYU, Smith was an assistant professor at the University of Oregon. He earned a bachelor's degree from BYU in 1971, then completed an MBA at Michigan State University. In 1979 he earned a doctorate in marketing from Pennsylvania State University. Smith has published several articles in marketing research journals.

Woodworth Receives Faculty Award

The Marriott School of Management has selected Warner P. Woodworth, professor of organizational behavior, as its 1989 Outstanding Faculty Member. A banquet was held in his honor on March 1. (See page 24.) “I am delighted that Warner is receiving the Outstanding Faculty Award,” said Paul H. Thompson, dean of the Marriott School. “He has developed an international reputation for his research in worker ownership. He is also an excellent leader with a great deal of personal interest in his students and their successes.”

Exxon Teaching Awards Announced

Glen O. Palmer and Milton E. Smith were named recipients of the 1989 Exxon Teaching Excellence Award at the Outstanding Faculty Award Dinner on March 1.

Smith, associate director of the Institute of Business Management and a professor of business management, is an expert in financial institutions, insurance, and corporate finance. He has also been an underwriter and corporate officer in the

Woodworth to Chair Department of Organizational Behavior

Warner P. Woodworth has been named chairman of the Department of Organizational Behavior. Woodworth replaces J. Bonner Ritchie, who continues teaching.

Before coming to BYU in 1976, he taught at Wayne State University, the University of Rio de Janeiro, the University of Michigan, and BYU Hawaii. His expertise is in industrial democracy, worker ownership, and ethics.

Woodworth has been director of the BYU Small Business Center, the National Center for Employee Ownership, and Hyatt Clark Industries. He has also been a visiting scholar at the International Institute for Labor Studies in Switzerland.

Woodworth replaces J. Bonner Ritchie, who continues teaching. Before coming to BYU in 1976, he taught at Wayne State University, the University of Rio de Janeiro, the University of Michigan, and BYU Hawaii. His expertise is in industrial democracy, worker ownership, and ethics.

Woodworth has been director of the BYU Small Business Center, the National Center for Employee Ownership, and Hyatt Clark Industries. He has also been a visiting scholar at the International Institute for Labor Studies in Switzerland.

A recipient of various research grants, Woodworth is a frequent consultant to major corporations, unions, and governmental organizations. He is co-author of Managing by the Numbers. Absentee Ownership and the Decline of American Industry and Industrial Democracy.
Quotable

Victoria J. Laney, president of the Marriott School Alumni Board, has worked as a marketing manager for IBM. The following is excerpted from her convocation address to Marriott School graduates on April 28, 1989.

The first lock and key were used by the Egyptians in 2000 B.C. Using the lock and key gave people more choice in their lives. They could choose to lock people out, or choose to unlock their doors and let others in. Your diploma is like a key. It gives you the power to unlock great doors of opportunity. Or, you can use it to lock yourself in a secure but limited world.

Ancient keys were up to three feet long. Only wealthy people had locks and keys, so they were a source of pride. The keys were so big and burdensome that the wealthy employed servants who carried the keys on their shoulders. Everyone could see who was important enough to have a key.

You should display your diploma with justifiable pride. You have worked hard for the right to be here today. However, you will not want to burden someone else with your diploma the way ancient people burdened their servants with keys.

This happens when you begin to feel that mere possession of your diploma makes you smarter, wiser, and more important than someone who does not have one. Instead, your diploma imparts to you the responsibility to unlock doors for others.

The Book of Mormon talks about a time in the church when people were distinguished by their riches and their learning:

And the people began to be distinguished by ranks, according to their riches and their chances for learning, yea, some were ignorant because of their poverty, and others did receive great learning because of their riches.

And thus there became a great inequality in all the land, insomuch that the church began to be broken up. (3 Nephi 6:12, 14.)

If you lock the door against [those who have no diploma], you will lock the door to some of the greatest spiritual experiences and finest friendships you can have. I enjoy learning from the truck driver, landscaper, and stay-at-home parent.

Barbara Perry, wife of Elder L. Tom Perry of the Quorum of the Twelve Apostles, addressed the Women in Management on March 16, 1989. The following is excerpted from her address.

Relationships with people go hand in hand with service to others. There is little we can do that doesn't affect others. We do not live in a vacuum. There is seldom satisfaction in doing only for ourselves. It is the association we make and the service we render to others that bring the real joy in life.

We often think of service in terms of giving up food, sharing our means, a particular service project. Acts of service can be manifest in even more simple ways. A phone call, a listening ear, a sincere compliment, a short note.

Some years ago in a fireside, Elder S. Dilworth Young gave an example of meaningful service. For many years his wife was an invalid. He told of the many expressions of concern and “let me know if I can do something.” But there was one sister who said to him, “I will come every Thursday night and stay with your wife so you can be free to attend to other activities,” and she faithfully came.

A. Milton Whiting, chairman of the board and chief executive officer of Kellogg Industries, delivered the convocation address to Marriott School graduates on August 18, 1989. The following is excerpted from his address.

In the business world you will find that life is never dull, and nothing is ever constant or stable. Your level of success will relate directly to your ability to execute and control what I term the three Cs.

The first C is commitment. So often we give lip service to commitment, but we never really believe or do what we say. When I was a young man in business, living in southern Utah where we had recently built a lumber mill, we had a fellow in town who did some strange and funny things. I'll call him Burns. One day he walked out on the street of Kanab, in front of the drug store there, with a paper in his hand. He was just a little wiry guy, about 130 pounds, and he walked up to a friend of mine, LaMar, who was about 6'4" and 260 pounds, and Burns, holding the paper, said to LaMar, “LaMar, last night I made a list of ten people that I'm going to whip, and you're at the top of the list.”

And LaMar said, “What are you talking about, Burns?”

Burns answered, “Yes, I made a list. Ten people I need to whip, and you're the first.”

LaMar said, “That's the craziest thing I've ever heard. You can't do it, Burns. There's no way”

Burns said, “You don't think I can whip you?”

LaMar responded, “No.”

So Burns replied, “Well, then I'd better cross you off the list.” Too often that's the level of commitment that we come up with as we pursue our dreams.

The second is challenge. So often we feel that challenge means problems. Challenge isn't problems. Challenge is opportunity. As you go through your career, and there is a challenge that presents itself to you, seize it. Use it. Let it work for you. Let it be an opportunity. Challenge is suddenly like the magic of making the concrete become wet again. You can reshape it, you can reform it, and you can control your future just by recognizing and responding to the one who's striving for the top.

The third C is change. Just as with challenge, many management people avoid change. They worry about change. Recently Edward Schleeh wrote this. “Executives who look forward to the day when they can depend on stable conditions are living in a fantasy world. Change is a way of life and implicit in a free enterprise system. Successful executives are not only willing to meet change, but eager to capitalize on it. Since we are in a dynamic society, the most successful executives are those who establish systems to capitalize on change throughout the organization, thereby encouraging quick adjustment.”
WATERGATE AND THE EVENTS SURROUNDING IT seem to have signaled an avalanche of major breaches of ethical conduct over the 15 years that followed in business, government, education, the financial community, and, yes, even in the church. This crisis has naturally and properly generated conferences, literature, and college courses on the subject of ethical behavior.

In this paper, I will argue that a frontal attack on ethical behavior, per se, will not reach the heart of the ethical challenge we all recognize. Said more directly, I believe that the challenge of ethics (ideal human behavior) must instead examine the “habit” from which an action flows. “Habit” is the source of action, distinct from either “impulse” or “nature.” Moral behavior derives from the aggregate of one’s mental habits, or character. Character flows from one’s identity—that is, one’s unity and persistence of personality. The source of individual identity is the sum of those basic values to which one most deeply relates.

This continuum (identity to character to “habit” to ethics) argues, at least to me, that the challenge of ethics is best pursued as a challenge of identity. Identity is central. For example, as a Christian, my basic identity is my relationship to God. If I am an integrated personality, my mental habits will flow from my identity, and my behavior will follow my character. Whether Richard Nixon, Ivan Boesky, Jimmy Swaggart, Martin Luther, or Joseph Smith—one’s heart follows that which one treasures. That which one most treasures defines identity and one’s identity determines character and actions.

In this paper, I presume an audience whose chief goal is to shape a God-centered identity. The purpose of this paper is to trace broadly the growing challenge to our identity as children of God by outlining the chronology of that challenge and to explore the basic precepts of a God-related identity and God-related conduct.

The Challenge and Its Chronology
To me, a most dangerous position regarding ethical behavior is the idea that ethics are determined by one’s environment implying a different individual character or identity for each environment or circumstance. This view of ethics has been titled “situation ethics” an “it all depends on what answer you want” approach to human behavior. An oxymoron, if ever one was uttered, situation ethics.

This is an edited version of an address delivered on February 3, 1989, by Edwin H. Wingate at the National Advisory Board Meeting of the Skaggs Institute of Retail Management. Mr. Wingate, senior vice-president of personnel at Dayton Hudson Corporation, is a member of the Skaggs Institute’s National Advisory Board.
Yet I have seen in many others (and have experienced in myself) a bending or altering of identity, even if ever so subtly, to fit a given situation. After all, “I’m only human,” and besides that, “Is religious teaching appropriate to all of life’s circumstances?”

In the Middle Ages, the idea that religion was in any way irrelevant to the immediate concerns of daily life would have been rejected. At that time, religious beliefs were generally the foundation of every thought and action. Over the centuries, that singular relationship between one’s religious convictions and all of one’s life has been eroded.

While the following chronology is an oversimplified and perhaps biased summary of several major events that have challenged God-centered identity, it nevertheless illustrates that erosion.

(1) In the Middle Ages, the Roman Catholic Church declined in stature because of excesses (concentrating on wealth, power, and political influence). The schism began.

(2) The Reform movement, inspired in part by the excesses in the Roman Catholic Church, brought renewal but, at the same time, doubt, because century-long traditions were being discarded.

(3) Exploration of the New World led to international rivalry, further confusion, and commitment to state instead of the church for direction and identity.

(4) Adam Smith’s An Inquiry into the Nature and Causes of the Wealth of Nations put emphasis on capital accumulation for purposes of production. Wealth became an end in itself, even revered. (“God helps those who help themselves.”) Thus concentration of wealth and misuse of resources (natural, human, and political) led to excesses and abuses.

Men told themselves that the “end justifies the means” - the end was defined by individual and selfish interest, therefore, the “means” became “liberalized.” So man experienced a perversion of identity, and a parallel ethical system was conformed - one for the church and one for business - truly a split identity. Einstein said it best “The most characteristic trait of man as a rational being is his ability to rationalize.”

(5) The emergence of “individualism”, in which the individual, not society, is the end consideration led to more obtuseness. The idea that values, rights, and duties are confined to the individual argued that one can be self-made. Thus, the observation “He was a self-made man who worshipped his creator.”

(6) The diminished role of the church in the daily lives of people and the monumental abuses occurring in resource use and allocation, together with heavier and heavier reliance on the courts in our daily lives, have led to civil law (crime and punishment) largely replacing the religious concepts of sin and guilt.

This final development, sin into crime and guilt into punishment is perhaps the most damaging of all the challenges listed above. In his classic, Whatever Became of Sin, Dr. Karl Menninger traced this metamorphosis of sin to crime. Through that process, the major responsibility for identifying and dealing with adult misbehavior has been taken over by city, state, and federal governments - crime rather than sin. The gradual transfer of authority from home and church to the state, where crime and penalty are the state’s to determine, has tended to render sin as pointless.

By allowing the transfer of standards of behavior from church to state and transgressions from sin to crime, we alter our identity. This fadng of the recognition of sin “frees” us to spend our time buckering and baiting, manipulating and maligning, jabbing and judging, hating and hiding, because these transgressions are not prohibited by law. And the rationalization is, “all that the law allows.” The proliferation of ordinances and laws, of law schools, lawyers, and judges, is a witness to the pervasiveness of this change, particularly in the United States.

And how then do we face those transgressions for which there is no civil remedy - immorality, unfaithfulness, gossip, greed and avarice, untruthfulness? As the Southern Baptist minister warns, “If we is who we ain’t, before long we ain’t who we is.” As our identity changes, so too does our concept of ethical conduct.

The common word for sin in Hebrew is “het” – missing the mark. If we allow sin to be replaced by crime, how can we have fear of missing the mark when we are not aiming at anything? Put another way, “If we do not know where we are going, it does not really matter what road we take.”

Basic Precepts of a God-Related Identity

Who Am I?

Each of us struggles with the question of identity. We balance our time and energies between one role and the other - father, mother, daughter, son, worker, student, provider, dependent, hero, coward. In 1943, a German Lutheran minister and theologian named Dietrich Bonhoeffer was arrested and imprisoned by the Gestapo for his political views. Just before his execution in 1944, Bonhoeffer asked and answered the question of identity in the following statement of faith.

Who am I? They often tell me I stepped from my cell’s confinement Calmly, cheerfully, firmly, Like a Squire from his country house.

Who am I? They often tell me I used to speak to my warders Freely and friendly and clearly, As though it were mine to command.

Who am I? They also tell me I bore the days of misfortune Equably, smilingly, proudly, Like one accustomed to win.

Am I then really that which other men tell of? Or am I only what I myself know of myself? Restless and longing and sick, like a bird in a cage, Struggling for breath, as though hands were compressing my throat, Yearning for colours, for flowers, for the voices of birds, Thirsting for words of kindness, for neighborliness, Tossing in expectation of great events, Powerlessly trembling for friends at an infinite distance, Weary and empty at praying, at thinking, at making, Faint, and ready to say farewell to it all.
Who am I? This or the Other?
Am I one person today and tomorrow another?
Am I both at once? A hypocrite before others
And before myself a contemptible woebegone weakling?
Or is something within me still like a beaten army
Fleeing in disorder from victory already achieved?
Who am I? They mock me, these lonely questions of mine.
Whoever I am, Thou knowest, O God, I am thine! 1

What Is One's Accountability in This Life?
The hedonist seeks self-centered power, pleasure, and pride as his source of happiness as his source of identity even at the expense of others. The truly God-centered person would focus on treating others as he would be treated. His source of happiness is his pleasure in doing virtuous acts. Whether in the synagogue or the church, in the community or in bustness, his focus is on his accountability to God as it expresses itself in harmony with God, with others, and with himself. But until identity through God is central to one's being, these "habits" are not acquired.
Noah Webster, whose fertile mind concocted the dictionary and many other developments, was once asked by a newspaper reporter during an interview what he considered his life's most compelling thought. His identity was fully formed. Without hesitation, Webster responded, "My accountability to God."

In his writing entitled A Study of the Articles of Faith, James E. Talmage of the Church of Jesus Christ of Latter-day Saints described man's accountability like this:

Man's accountability for his individual acts is as complete as is his agency to elect for himself. The ultimate result of good deeds is happiness, the consequence of evil is misery; these follow in every man's life by irrevocable laws. There is a plan of judgment divinely foreordained, by which every man will be called to answer for his deeds, and not for deeds alone but his words also and even for the thoughts of his heart. 2

The conservative Jew, according to the Statement of Principles of Conservative Judaism, portrays man's accountability thusly:

Man's awareness of his creative abilities and his superior powers must be accompanied by responsibility. Man is therefore held accountable for all his actions. They center around (1) responsibility for self-discipline, (2) practice of the golden mean (temperance), (3) humility or meekness, and (4) faith, as the essence of all virtues. 3

My own Presbyterian heritage on this question dates back to the 1560s, when John Calvin wrote in The Larger Catechism of the Book of Confessions of the French Reform Church "Man's chief and highest end is to glorify God and fully to enjoy Him."

The Centrality of the Golden Rule
Accountability to God is manifest in obedience. Six hundred thirteen commandments were addressed to Moses. God later reduced these to Ten Commandments. Micah, the prophet, reduced them to three "What does the Lord require of you but to do justice, and to love kindness, and to walk humbly with your God" (Micah 6:8).

The three major religions of the world Judaism, Christianity, and Islam all look to these accountabilities as the basis of their identity. For Christians, Jesus' instruction to "love God with heart, soul and strength" and to "love others as we love ourselves" (Luke 10:27) was yet another expression of these same accountabilities.

The ethical precepts that flow from these God-given standards are condensed, as they relate to relationships between individuals, in one statement alone "Do unto others as you would have others do unto you" the Golden Rule. This principle came to be referred to as "Golden" because gold, the most precious of all metals, distinguishes this rule of relationship as the most precious tenant for interpersonal behavior. It is as close to a universal ethical precept as there is. It appeared in the 6th century B.C. when Confucius wrote "What you do not like when done to yourself, do not do to others." Plato and Aristotle advised similarly. It is taught in Hinduism and Buddhism. The thought appeared in early Jewish teaching, (Lev 19:18) "You shall love your neighbor as yourself." The Christian's New Testament contains frequent instruction in the Golden Rule most notably in Matthew 7:12 as a part of Christ's Sermon on the Mount: "So whatever you wish that men would do unto you, do so to them, for this is the law and the prophets."

Summary
The challenge to God-related ethics (ideal human behavior) cannot be wished away; it is real and pervasive. The underlying challenge, however, is to man's identity the determining force in mental habit and outward behavior. If we know who we are, our purpose and accountability, and the road to travel, that challenge will be met. The central question is, "Who do I choose to be?"
The Bible teaches that man is free to choose his identity, but is not free to avoid the consequences of that choice. I once heard it said this way: "God gives us a lifetime to decide who we are, and then lets us keep that identity forever."

Notes
2 James E. Talmage, A Study of the Articles of Faith, (Salt Lake City: The Church of Jesus Christ of Latter-day Saints, 1913), p. 55.
Dean Paul Thompson has referred to the day I first came to Provo as a prospective faculty member in 1976. Paul was the O.B. department chair, and I had been a visiting professor in Brazil. I was coming back to America to interview at Columbia, MIT, and another place or two, and he wrote and said, “Why don’t you come out to Utah while you are in the States?” I remember arriving on the BYU campus wearing a long leather gaucho coat from Argentina and boots and going in for an interview. Within a short time after getting the job and moving here, I began to be touted as the resident revolutionary. I appreciate the fact that Paul has always been extremely supportive. He also believes in protecting the underdog.

**A Collision Course**

Let me lay out a theme to talk about for a few minutes. I was searching for a framework, and I kept thinking about that great O.B. theorist, the apostle Paul, who advocated a more excellent way. I decided the theme ought to be the “faith, hope, and charity” of graduate education in the Marriott School of Management—the possibilities for some changes and new directions in our world here. A colleague from down the hall said, “Gee, Warner, we assume you are going to kick us in the shins tonight,” so there is a little of that, too. What I want to do is lay out a few proposals that, I hope, will generate some discussion in the halls during the coming weeks. Maybe we can debate and discuss them and perhaps reject most of them, but seriously consider a couple of them.

I was speculating that we might get onto a collision course here, and I remembered the story of a battleship commander. The ship was just a couple of minutes out from the dock and into the harbor when thick fog rolled in, so they had to go to radar mode. At that point the signalman ran onto the bridge and said, “Commander, we have picked up something on the radar; we are on a collision course with another ship.” The commander coolly commanded him to radio that ship and tell them to move ten degrees starboard. They signaled and sent the message, and the response came back, “We are definitely on a collision course; suggest you move ten degrees port.” The crew relayed this message to the commander. He became very upset and said, “Send a message back and tell them I am a full naval commander, and I am ordering them to move ten
degrees starboard." Back came the response, "I am a second-class seaman. I am ordering you to move ten degrees port." By now the commander was livid, and he yelled, "Send this message: I am on the bridge of a 5,000 ton battleship, suggest you move ten degrees starboard." Back came the words, "I am on the bridge of a lighthouse, suggest you move ten degrees port!"

Now, I do not know which of us are in the battleship and who is on the rocky shore, but my assumption is that we may have a collision course here tonight. I offered to let Paul react to some of the ideas I was going to talk about and censor them appropriately, but as usual he refused, so I may have to pay for this dinner myself. Anyway, here is a handful of suggestions.

Faculty and Student Mix
First, that we try to become more creative and aggressive as a school of management in our admissions of minority students, women, and international students, and that we do the same in adjusting some of our priorities in faculty hiring. It seems to me that so much of what we do and have in the Tanner Building revolves around white, Anglo-American males WAAMs. I am struck whenever I visit Yale or Michigan, at the wonderful diversity that exists at other schools, and I worry about our becoming increasingly skewed in the Marriott School.

Sadly, we are more and more out of whack with the changes that are occurring in the larger workforce. Most of the predictions about American employment through the year 2000 suggest that 80 to 90 percent of those entering the workforce are going to be female or minority or immigrants. I think we do a disservice in not trying to enrich the mix of our own world at BYU.

We had a fellow visit here recently who graduated from the School of Management ten years ago, and he described to me how difficult it was for him to survive in his department in a Fortune 500 company, because all the other managers in his department, all his peers, and the person he reports to are female. He said, "I don't know how to deal with this, and I wish I had learned more when I was here as a student." The chauvinism he is struggling with reflects to some extent his experience here, and we did not equip him for that gender mix and multi-racial environment.

Faith in Our Research
The second thing I wondered about and it was reconfirmed tonight in the reception line as I talked with some of you and realized we had never met before is that we professors do not interact enough. I was thinking, what would it be like if we had a monthly faculty forum in which we shared our research with one another and lined up "victims" and took potshots, if we could somehow share some of our faith in our research and hold it up to the scrutiny of people in other departments and other disciplines. If we could move beyond the process we have now (which is occasional business meetings on policy and governance issues) and look more at what we are doing intellectually, we might discover ways to enrich and cross-fertilize another one's research and diminish the current isolation.

We need more confrontation. We ought to explore progressive alternatives for today's organizational realities. Jacob Bronowski declares in The Ascent of Man that the purpose of the university is "not to worship what is known, but to question it." It seems to me we are not doing enough questioning. The school is preparing for another accreditation study next year, and as I recall the last one we had, a faculty member from Stanford suggested that everybody is too comfortable at BYU. There is not the degree of challenge and clash of different views in the classroom or among the faculty. We are too soft, he observed, and unabrasive to a fault. I think if we can learn to confront each other through some kind of academic forum and discussion of ideas, we might develop and strengthen a new intellectual tradition.

Hope, Values, and Individuality
A third suggestion I have is that we make organizational ethics and values a more integrated part of all our classes. Teaching a specific course on this topic is not sufficient for the Marriott School. I am concerned about how we might spread ethics throughout business education. I wonder if there isn't more we can do to move beyond what students describe as heavy emphasis on résumés, "dress for success," and the rewards of money and status and power.

Are we merely training our students today as cannon fodder for business firms? Are we contributing to a brave new bureaucracy for big business, big government, and new technology, which encourages socialization and integration and conformity? Or should we emphasize more personal integrity? Can we move beyond the three Rs to a fourth R of responsibility? Do we have the moral energy to teach our students how to take a stand, how to do more than simply fit in the contemporary corporate world?

From several students I have heard interesting, poignant things lately. One of them reported that he came here a year and a half ago to learn leadership. He said that within the first week his whole orientation changed, and the emphasis turned to getting into the top 10 percent of the class and having a big salary afterward. Another admitted, "Money has become the dominant concern." I worry to what extent we as faculty reinforce this problem. This student said, essentially, "I don't like what I have become here these last two years. But that is the way it is, and I don't really like myself now." As professors perhaps we ought to more clearly articulate the insidiousness of status and material possessions. We should generate in our students an inner hope and inner values.

The concern I have these days is not terrorism or communism or some of the other "isms" reported in the media, but organizationalism, in which the prevailing ideology seems to be "Come work for us. We will take care of you. Trust us. Become an IBMer. We will give you a paycheck and a uniform and a ball cap that says Hewlett-Packard or whatever. Be a good corporate citizen." What may happen in this process, I worry, is the preempting of the individual.
In many companies these days there is a lot of talk about corporate culture, and it seems they want to imprint that culture on us and tattoo us and baptize us and immerse us and convert us and bring us salvation in some kind of utopian society and organization. They require dependence, in turn, and I worry about that. I see these enormous conglomerates, an echo of other feudalistic institutions of history. In past centuries it was the domination of the church, or some prince who ruled over the fiefdom, and the serfs performed their labor with primitive tools. Today's new feudalism consists of gigantic corporations that control the lives of millions of techno-peasants who wander throughout the kingdom with their computers under their arms.

We need to move beyond simply training technicians to stressing individuality and teaching students to be true to their own conscience; to not just talk about marketing skills or accounting brilliance or how quickly they can make money. We should emphasize more the character they are developing and the kind of people they are becoming. It is essential that we honestly discuss the hard choices of ethics rather than perpetrate the naivete and illusion that everything will easily work out if you are honest. Our students deserve to know about the price they may have to pay, the tough choices, and the fact that sometimes their only reward may be the preservation of their individual dignity.

Charity
A fourth issue I propose is that we broaden our impact on other groups besides the corporate Fortune 500. That is the principle of charity for me. One of my major complaints is that many business schools in this country seem to be primarily serving the interests of society's elites. We at this university ought to place our services and skills in the hands of poor peoples organizations, small enterprises, women's businesses, and environmental groups that may not be able to afford the exorbitant fees that many experts charge big companies.

So, here are a couple of suggestions to think about. What would happen if we required our students, as part of their work as budding professionals, to donate some of their time to service in the Small Business Development Center, working with small firms or entrepreneurs who are attempting a new business start-up here in our own community? Similarly, would we as faculty be willing to consider something along the same line, perhaps requiring for promotions or continuing status that we provide documentation of voluntary service. How about a professional tithing concept? We could donate ten free consulting days a year to public-interest groups, worker co-ops, consumer organizations, Indians tribes, or whatever. Is that a doable thing?

Maybe a lot of us are already doing this. Perhaps we ought to audit what is currently happening. But I feel that if we could begin to provide some of these resources, whether it be accounting services or management training skills, we could perform a unique mission as the Marriott School of Management. It appears a contradiction to me more and more that we spend so much of our time and energy serving the Exxons and the General Motors of the world and ignore the needs of smaller, non-industrial and non-profit sectors.

We have a special calling on this campus and a unique opportunity, consistent with what the scriptures declare "Where much is given, much is expected" (D&C 82:3) a professional noblesse oblige. We should minister to the poor and needy and not just consecrate a miniscule portion of our riches. It's not enough to merely pay tithing by writing out a check and then walk away thinking we have made a major contribution to the world. We ought to give something to Greenpeace, to the NAACP, to Save the Whales, or whatever you may feel is appropriate. Empower the powerless, and lift up the downtrodden. As BYU faculty I believe we have a special obligation and opportunity to consecrate our time, talents, and expertise in behalf of others.

When my wife, Kaye, and I were in the People's Republic of China about a year and a half ago, a friend shared an interesting thought about happiness, an old proverb from some ancient dynasty, that says

If you want to be happy for an hour, take a nap.
If you want to be happy for a day, go fishing.
If you want to be happy for a month, get married [a little cynical there].
If you want to be happy for a year, inherit a fortune.
If you want to be happy for a lifetime, help others.

I am wondering how we can better contribute to the outside world. Maybe we cannot squelch or eliminate all of the social injustices and organizational abuses of our day, but we can make a difference. However, to do so requires more than simply teaching in the classroom.

Paper Entrepreneurship Is Not Enough
The fifth area I argue for is the need for bridging the gap between theory and practice in the Marriott School. Robert Rech of Harvard says the problem in many business schools these days is that we are creating paper entrepreneurs who know how to shuffle assets and that is about all.

On this campus we ought to be focusing more on areas of operations and basic manufacturing or America's going to end up fulfilling what Business Week reported on in one special report three years ago—the creation of hollow corporations. Chris Meek and I have been trying, with some other faculty, to begin a little experiment that illustrates a possible new model. A year and a half ago we got together with a faculty member in sociology and another one in manufacturing engineering technology. Essentially, we said, "Let's combine our interests and get some students from our different programs together and create a little worker-owned cooperative." We wanted to see if we could learn to actually produce something. The enterprise is called Equitech. For business students the question is, "Can we learn to be productive?" For students in engineering, "How can we learn to understand marketing, or managing an operation?"

So we started making weight-lifting equipment, contracted through a local
entrepreneur, and then began to design graphics and do artwork and produce medallions and commemorative plaques for various organizations within the university community. The group has gradually grown. There are three students on the board, and three faculty As professors, we occasionally get out-voted. A number of the students are from Third World nations Hong Kong, Peru, Taiwan, and the People’s Republic of China. A third of them are female. Many of them feel this is a useful way to obtain some practical experience and a source of income so that they can remain in school. They are also learning something about finance and production.

We, as faculty, are also learning how to do something useful with our hands. I am quite good on the grinder machine, discovered, and anticipate an alternative career out of this whole experience which I may need to start next week.

Anyway, how can we collaborate more with our students in integrating concepts with actual work? We need to move toward the forefront of manufacturing and the creation of an industrial renaissance that this country really needs.

I wonder what we could begin to do if a bunch of us were to work jointly. Certainly this student co-op is not the only strategy, but it may be worth further expansion and experimentation. We got the idea from the Basque system of worker-owned firms, more than 100 firms in northern Spain. There they have 600 students in their college co-op, where they produce products for Mercedes Benz and a number of fairly sophisticated organizations. They work half the day and go to classes the other half. Maybe at BYU we could obtain the use of a building off campus and begin to work together and get 100 or 200 students learning, producing, and democratically managing an effective, innovative system.

Reflecting a Global Economy

The final proposal I would make is that we extend our horizons beyond the borders of the United States, and consider ways to further internationalize our teaching and our research. In the last month I have had a number of international students drop by to talk about what they see as a provincialism in Marriott School classes and the rarity of international cases. The fact is that we do not have a U.S. economy anymore; it is a global economy. How do we, in our research and our courses, begin to reflect that?

Perhaps we ought to explore how to structure ourselves into different areas of interest and get ten of us who are interested in South America, another ten who are interested in Asia, and another group who would push themselves into research on Eastern Europe. We could span the globe, do much-needed research, create university relationships and exchanges of faculty and students, obtain more international grants, move beyond Provo, and see what life is like outside Utah Valley.

I made a trip to the Philippines recently and began to think about ways that we as a business school, or at least some of us here, might be able to impact the poverty that is being experienced among members of the Church there. In that country of 58 million people, 85 percent live in extreme poverty. A full 10 percent of all Church baptisms worldwide every year occur in the Philippines. They now have 34 stakes, they had none a couple of decades ago. They have nine missions and 175,000 members, and membership doubles every four years. The new Latter-day Saints are doing very well spiritually, but they are struggling in order to survive economically.

We are now considering how we could create a technical assistance center to help members over there start small businesses. Some of them have started micro-enterprises, little coops, credit unions, and foundations as they try to raise funds. They are pooling their meager resources and trying to gain access to government loans set aside to help small enterprise development. What could we do as a School of Management to offer some of our services and get some of our MBAs and others out there to strengthen that process? Maybe we need to create a scholarship program to bring some of them here and help them learn about entrepreneurship and then send them back to build their economy. International development is clearly going to become a major challenge for the Church in the immediate future. If we, as Marriott School faculty, have any relevant knowledge about economic and organizational effectiveness, we ought to contribute our skills and insights.

Well, I don’t know if these ideas are useful. What I am interested in is some discussion about our hiring and admissions criteria, and that we think about ways of strengthening the level of intellectual discussion and exchange, and transforming our research and consulting to include more faith and hope and charity. We need to have more passion about what we do. I am interested in a bottom-up approach to changing the world rather than just top-down. We are too tied to corporate and executive America. Maybe we need to look at ways of helping people achieve more self-determination in their lives. Today’s organization should become a catalyst for transformation and the liberation of work.

Now, I am aware, as William James put it at the turn of the century, that priesthoods never imitate their own reforms. The great scientist Max Planck declared that new ideas and truth do not triumph by convincing opponents to see the light, but rather by waiting for the opponents to die off. I hope that we at BYU can intervene sooner. I believe we can change and prepare ourselves better for the future now and adopt an anticipatory, problem-solving strategy rather than wait and see what happens. Today’s challenges require us to move from what we know and what we are comfortable with to the unknown, to the chaotic, and consider a new paradigm as a school of management that would really make us unique.

I am wondering if, as the Marriott School of Management, the time may be ripe not merely for a little organizational restructuring and tinkering, but possibly an educational overthrow. Maybe we can change dramatically and enjoy a new gusto in our work and perhaps even move a half inch toward the future.
As mentioned on page 13, Paul Thompson recently accepted a major university administrative appointment, and K. Fred Skousen was selected to replace him as dean of the Marriott School of Management. Because the new dean was not selected until the design and production of this issue of EXCHANGE were almost complete, we were restricted to the brief announcement on page 13. We are looking forward to working with Dean Skousen and are certain that he will provide excellent leadership for the Marriott School. In our next issue (Winter 1990), we will give you a closer look at the new dean, which will include, we hope, a message from him outlining his goals and vision for the future of the Marriott School.

In line with what I suggested in my last editor's note, this issue of EXCHANGE does not address a particular theme. And although we have used the artwork from Ned Hill's article in our cover design, the other three main pieces are not even remotely related to EDI. They are all transcripts of speeches that crossed my desk during the past few months—two on different aspects of ethics, one on suggested changes in the Marriott School—and each, because of its unique message, demanded space in EXCHANGE. In fact, the address by Dr. Josephson is by far the longest piece I have yet included in any issue of the magazine. I fretted and agonized over how to trim its length so that it would fit into the three pages I had originally allotted for it, but finally concluded that I would be cheating you if I deleted anything more than what you now have in print, which at five pages is still only three-quarters of the original transcript.

I'm sure you found Edwin Wingate's ideas on the source of our ethical challenge both unique and thought-provoking; and I have a hunch that after reading Warner Woodworth's list of suggestions for improving the Marriott School, many of you will entertain a secret wish that Warner could be turned loose in the organizations where you work.

I hope you have benefited from this issue of EXCHANGE. Its contents were particularly enjoyable to edit. My office, by the way, has moved to room 490 in the Tanner Building. If you have comments, questions, or articles you would like to submit, please send them in. My phone number is the same as ever: (801) 378-5629

Roger K. Terry
Editor

Endnote