Good Business

Why ethics are more important than ever, and how the Carlson School is working to create ethical business leaders.

Professor Ian Maitland, one of several Carlson School faculty members conducting research into business ethics issues.
In my first full year as dean, I have been keenly aware of the challenges facing not only business education, but also our alumni working in a rapidly changing business world.

In response, we are making fundamental changes to the way we teach business and serve the community—changes to curriculum, to program structures, to alumni services, and to the way the Carlson School markets itself. These changes provide students with hands-on learning opportunities tailored to their career paths, and with practical experience in applying what they learn to real business environments. The result is that students are better prepared for the challenges of business.

We also aim to better serve our alumni, who face real business challenges day after day. The Carlson School enjoys strong ties to the business community that create a vibrant business environment at the school and allow businesses and alumni to benefit from what we do here. One way we serve alumni is to share the new ideas and knowledge we generate. In this spirit, we've made some changes to the look and focus of our alumni magazine, Carlson School. The revised magazine addresses the issues and problems that face our alumni every day, and we hope you find it appealing, engaging, and useful.

This issue's cover story provides a valuable look at ethics in the workplace, a topic too often seen as a secondary concern. In fact, ethics are central to business success. The article shares the insights of experts and business practitioners into the competing pressures people face and the questions all businesses and their employees must ask themselves. A number of prominent Carlson School professors—including Norm Bowie, Ian Maitland, and Karen Schnatterly—weigh in on the role of ethics in the business environment and offer glimpses into their own innovative research on responsibility.

Another issue of ardent debate in business circles is the value of the MBA degree. Does it matter? The featured article on the MBA provides answers and perspectives from a number of people—professors, business leaders, and alumni—who offer their take on what an MBA means in the workplace.

The redesigned magazine is just one of the changes we've made to answer the needs of alumni. We invite your feedback and are eager to hear about issues important to you in your everyday work lives. Send your thoughts to alumni@csom.umn.edu. We look forward to hearing from you.

Sincerely,

Lawrence Benveniste
Dean
CONTENTS

INSIDE FRONT COVER: The Dean's Corner  Carlson School Dean Larry Benveniste on the value of sharing the new ideas and the knowledge the Carlson School generates.

2  The Atrium: LEAD introduces students to business, Jim Campbell finds himself busier than ever, Ross Levine climbs the charts, and more.

FEATURES

8  Cover Story—Code of Ethics: Ethical dilemmas are the stuff of renewed focus these days. How can companies stay on the straight and narrow and still make money?

14  Across the Board: Carlson School faculty research covers the spectrum of business ethics issues.

20  Health Conscious: Nazie Eftekhari, ’79 MHA, offers a prognosis for the healthcare industry's coming changes.

22  Does an MBA Matter? Despite conflicting reports about the degree's value, the MBA still pays off, Carlson School alumni say.

30  Class Notes

32  5 Questions: A chat with Carlson School Professor Mahmood Zaidi.

INSIDE BACK COVER: Time Capsule: A look back at Eddy Hall.

FRONT COVER: CARLSON SCHOOL PROFESSOR IAN MAITLAND, PHOTOGRAPHED BY MARK LUNENBURG
Mary Jane Madden, an assistant professor in the Carlson School’s Healthcare Management program, has been spending the last two semesters learning the ins and outs of life in Ankara, Turkey, as a Fulbright Scholar. Madden joined the faculty at the Hacettepe University School of Nursing to lecture nursing students on developing educational and curriculum standards, teaching research skills, and leadership development.

“I find that professional issues here have many of the same roots as professional issues in the United States,” says Madden, who has been a University of Minnesota faculty member for more than 15 years. “It is clear that the learning from this experience goes both ways—and that the opportunities for cultural exchange are just emerging.”

The Fulbright Scholar Program is sponsored by the U.S. Department of State’s Bureau of Educational and Cultural Affairs. It supports some 800 American professors visiting about 140 countries each year.

Adapting to life in Ankara hasn’t always gone smoothly, and adventures come at surprising times and places, according to Madden. For example, she had a hard time finding the products she wanted on her first trips to the grocery store. “I had wanted butter for more than a month,” she notes. “But since most of the packages are not ‘see-through’ and my Turkish is lacking, I always ended up with a variety of yogurt. Instead, I began to settle for raspberry jam because it comes in glass jars.”

Deciding to tackle the butter problem head-on, Madden looked up the correct Turkish word for butter in her translating dictionary. Armed with the correct phrase written on paper, she returned to the store and found exactly what she was looking for. Fearing she’d never find butter again, she bought enough to last her until she returns to Minnesota this summer.

Along with teaching nursing classes in Ankara, Madden will work with faculty development in areas of research and leadership. As her Turkish language skills progress, her work will extend to creating leadership development programs at hospitals and healthcare facilities. “Most of the problems in Turkish healthcare, including those at Hacettepe University Hospital, are related to the lack of planned growth and ‘one-person’ decision-making, instead of a team approach,” she explains. “Healthcare is fragmented, professionals frustrated, and strong visionary and consistent team leadership desperately needed.”

—Michael Weinbeck
Jim Campbell retired as chairman and CEO of Wells Fargo Bank Minnesota in June 2002. A 1964 graduate of the University of Minnesota’s business school (before it was the Carlson School of Management), Campbell spent exactly 38 years at Norwest Banks/Wells Fargo. Recently, The Business Journal named him its Executive of the Year for his leadership and unflagging commitment to the Twin Cities throughout his career, noting in particular his guidance during the $30 billion merger of Wells Fargo and Norwest in 1999.

Carlson School: What have you been doing since retirement?

Jim Campbell: I’ve been really busy. I have been deeply involved in some community activities, some corporate boards. I haven’t played much golf and haven’t spent as much time at the lake or in Florida as people thought I would. I’m chairman of the board of the Greater Twin Cities United Way; president of the Minneapolis Club, I’m on the Allina board of directors, and I’m chairing the board of overseers at the Carlson School. That’s on the community front. I’m also on the boards of Marvin Windows, Lifetouch, and Cretex Co.

CS: It sounds like you’re working as much as you did when you were CEO.

JC: Almost. But I’m doing it on my pace and my schedule, and I’m thoroughly enjoying it.

CS: Why was now the right time to retire?

JC: I’d spent 38 years with Norwest/Wells Fargo, and I’d reached the magic age of 60. I concluded I had a lot of other things in life that I was interested in. We had a great team at Wells Fargo to carry on the traditions and the business, and to quote a line from Wells Fargo advertising, it was time for me to take a look at the “next stage.” I’m a tree farmer on timberland in northern Minnesota, and I have a home in Naples, Fla. I decided I could get to those places more often when I didn’t have a day-to-day commitment to a full-time job.

CS: What do you think of being named executive of the year by The Business Journal?

JC: I’m still trying to fully understand it. It was a very significant honor, I must admit. I think there have been 28 years of this award, and I have been in awe of previous honorees. It was a wonderful experience. I really look at it as if I received it on behalf of all Wells Fargo people. It goes back to the merger; there were a lot of things that customers, employees, and communities were concerned might happen with the merger. We had a wonderful team of folks who worked through it. I was the one who was the recipient of the award, but an awful lot of people did the work.

CS: What’s it like to go from being CEO of a major corporation to CEO of your house?

JC: It feels good, except I’m not sure that Carmen [his wife] would agree with that. There’s a tendency for us type-A executives to assume that because we were in control in the office, we should be in control of the home. It’s been different, but it feels great. We just became grandparents for the first time 10 days ago. I used to get up and get on the Internet to see who sent me all kinds of business-related e-mail. Now I get up to see if my son-in-law sent last night’s pictures of the baby. And that’s good.

—Suzy Frisch
Stephen Daas makes time in a globetrotting schedule to mentor Carlson School students.

As a Carlson School student, Stephen Daas, ’86 BSB, never imagined that he would end up leading a large team of international tax specialists, living in Singapore, traveling more frequently than not, and specializing in the nuances of tax laws in 50 countries. But today he does just that as a director of the Global Employment Solutions division at Ernst & Young. In spite of the unusual and taxing demands of his professional life—not to mention the distance factor—Daas has managed to remain a committed Carlson School mentor. Through the mentor program, he meets regularly with a student to provide career guidance and inspiration.

Daas has been involved with the Carlson School mentoring program since its inception in 1990, and has mentored more than a dozen students.

An unassuming native of New Brighton, Minn., Daas exudes all the best qualities of someone well accustomed to doing business in the global marketplace. His articulate speech is accompanied by admirable social panache and a quick, elegant wit. Perhaps those traits stem from a past that’s, well, not what you might expect. Daas’s first experiences at the U of M were bumpy. Less than a year after he enrolled as an engineering student in the Institute of Technology, he left the U and went to work as a Teamster, doing manual labor in a warehouse. Within a couple years, he returned as an independent-study student, working full-time and completing his coursework at his own pace.

The final two years of his Carlson School experience were formative—it was here that he learned the critical-thinking skills and accounting principles that are the basis for his work. “Terry Tranter’s classes were some of the toughest ones,” says Daas, recalling his experiences in the accounting professor’s classroom. “He didn’t let you get away with just reading the book. He’d always throw these twists in that you’d have to think about.”

In a stroke of good timing, Daas was laid off from his warehouse job as he approached graduation and landed an internship at Arthur Andersen. The internship turned into a full-time position. After several years at Andersen, he took a post at Ernst & Young, where he rose to his current position.

The students Daas mentors are exposed to a wealth of experience. Many of them tag along with him, observing high-level client
Building Bridges

New gift helps support the Carlson School’s BEST Fund.

Carlson School strategic management students are taught that organizations that thrive are usually well equipped to adapt to the evolving demands of the marketplace. That same philosophy guided Robert Potts, ’65 BSB, in supporting the Carlson School’s Board Endowment for Strategic Transformation, or BEST Fund. The fund is designed to permit the Carlson School to adapt to new opportunities as they arise in the fiercely competitive business school arena.

Potts, who has held a variety of committee and board positions at the University, including his current place on the Carlson School Board, observes that the school is in a unique position to capitalize on its close proximity to a thriving business community. “The Twin Cities are significant for having corporate headquarters,” says Potts. “There is a natural inclination for interaction between the school and the business community.”

Taking advantage of the opportunities available in the nation’s third-largest city per capita for Fortune 500 headquarters—and expanding the school’s national and international reach—requires strong funding flexibility. The BEST Fund is designed to do just that.

Potts sees the Carlson School at a significant crossroads. The Carlson School Enterprises, renewed emphasis on the Full-Time MBA program, expansion of the undergraduate program, and the school’s high-tech facilities all position the Carlson School to be an engine for change in the business world.

“The Carlson School is a natural source for business to find high-quality people,” says Potts. “The BEST Fund allows the dean a source of funding to make the school more adaptable.”

—Michael Weinbeck

NOTE: Interested in becoming a mentor at the Carlson School? Please e-mail us at volunteers@csom.umn.edu.

At the Top of the Charts

Ross Levine, Curtis L. Carlson Professor of Finance, has joined some elite company. In a global ranking by ISI Essential Science Indicators, a service which conducts quantitative analyses of research and science trends, Levine was ranked third on the list of the world’s 100 most-cited researchers in economics. The ranking was based on the period from January 1992 to June 2002, during which Levine published 22 papers and was cited 1,205 times—an average of 54.77 citations per paper.

—Chris Mikko

Robert Potts, ’65 BSB

“‘The Carlson School is a natural source for business to find high-quality people.’”

—Michael Weinbeck
What are you Reading?

Bob Ruekert
Carlson School Professor of Marketing & Logistics Management/Associate Dean for Undergraduate Programs

Prague by Arthur Phillips

“Arthur Phillips lived in Minneapolis; he’s a young writer and this is his first novel. It’s interesting to look at Eastern Europe and how it developed after the fall of Communism. There was a boomtown mentality, with U.S. citizens moving in, starting businesses, and trying to make their fortunes. I teach a course that involves traveling to that part of the world, and it includes places we’ve been spending time on. The book is more about life in Budapest, and [the characters] talk about how life is so much better in Prague. There’s nothing about Prague itself. Czech lovers would be disappointed, but Hungarian lovers would really like it.”

Gail Brinkmeier
Second-year MBA student (full-time)

Cradle to Cradle by William McDonough and Michael Braungart, and Written By Herself: Autobiographies of American Women, edited by Jill Kerr Conway

“McDonough used to be dean at the University of Virginia architecture school, and he has this view that you can create a more sustainable world by better design. The book addresses a lot of current things going on in the world, such as “product take-back” regulations in Germany and the U.K. With devices like computers, electronics, and cars, the manufacturers are responsible for the entire life of the product, not just when it leaves the supply base. They also are required to have places for people to bring back items to be recycled. He has interesting points that make me think—i.e., you need the services of the computer, but you don’t need the plastic box. How can manufacturers design things to give us services we need, but make them in a way that’s more sustainable for the planet? I go back and forth between that book and the autobiographies anthology, which has different chapters on American women who’ve had interesting lives and made great contributions to society: Maya Lin, Mary McCloud Bethune, Maya Angelou, Zora Neal Hurston, Margaret Meade, Babe Didrikson, and others.”

Julie Gilbert, ’93 BSB, ’99 MBA
Director of Strategic Development, Best Buy Co.

Final Accounting: Ambition, Greed, and the Fall of Arthur Andersen by Barbara Ley Toffler

“This just came out, and it’s fascinating. It’s about how the power of culture based on conformity can become corrosive if you mix it with greed and arrogance. It’s also about the power of history repeating itself, and how arrogance can lead to falling behind in the market—which can lead to denial as to what market changes are impacting your business: greed and a lack of integrity. I worked for a Big Five firm for eight years, and it’s frighteningly similar to my experiences. It wasn’t Arthur Andersen, but you’d think I was reading the same book. That’s why I left. The exact same things were going on there.”

—Suzy Frisch
Every summer during high school, Julie Maki would find invitations to mini-college experiences in her mailbox. The Forest Lake, Minn., native would open them, imagine herself taking part, and then throw the offers away. “They cost so much money,” she says. “There was no way we could afford them.”

Then, as she was wrapping up her junior year, a package came from the Leadership, Education and Development (LEAD) Summer Business Institute, a national program that brings minority student leaders together for an intensive, month-long introduction to the world of business. The Carlson School was one of 12 institutions hosting the program, and it wanted Maki to join the class that summer.

The school wanted to pay for everything too. “That made this offer different,” says Maki, the youngest of seven children. “It made it possible.”

The four weeks she spent at LEAD in 2000 have since made many other things possible. She is now a sophomore at the University of Minnesota, thanks to the full scholarship she was offered at the end of the LEAD experience. “I always knew I was going to go to college, but I didn’t know how I was going to pay for it,” she says. “Then on the last day of class they offered me a full scholarship—and I knew right then that I was going to go here.”

She also knew that she wouldn’t be pursuing law, her original intention. “The LEAD experience showed me that I like marketing,” Maki says. “I got interested in the creative side of business.”

Her blossoming interest in business is precisely what LEAD is designed to achieve. The goals of the program are to help underrepresented populations gain a better understanding of business and to improve their leadership and communications skills. Students are introduced to business community leaders, and are given opportunities to interact and network with the program’s corporate sponsors. The scholarships offered to LEADers allow them to continue their business educations at reputable schools such as the Carlson School.

Another LEAD participant, Holland Victor, hadn’t even considered the University of Minnesota as a college option. The Louisiana native hardly even knew where the Twin Cities were before attending LEAD at the Carlson School in 1999. That experience, and the generous scholarship she was offered, bumped the school ahead of Notre Dame on her list. Now Victor, who will graduate in May 2004, says she can’t imagine life without LEAD. “The only thing I had going in was a résumé my mom made me do,” she says. “I came out knowing about finance, accounting, and how macro- and microeconomics affect the business world. I learned how to network. I learned about business etiquette. This was the best thing I could have done during high school to prepare myself for the business world.”

—Sara Gilbert
Ethical dilemmas are the stuff of renewed focus in boardrooms and business schools across the country these days. How can companies stay on the straight and narrow and still make money?

Carlson School Assistant Professor Karen Schnatterly
Code of Ethics

“M y brother just got out of jail and doesn’t mind going back for breaking your legs.”

As a general contractor with a Philadelphia construction firm, Jamie Latta occasionally heard this type of threat from subcontractors who’d been paid egregiously late, or not at all on other jobs. In construction firms out East and locally, Latta, 35, has seen plenty of other shady practices common to his industry—everything from falsified billing to work slowdowns to bid shopping (in which a contractor reveals a subcontractor’s bid to competitors in order to squeeze them or replace them with the lowest bidder).
“If you look at companies that fail, it’s often because of unethical behavior at the core. A fundamental flaw of the education of business executives in America is that we spend 100 hours on how to manage a project, and not enough on the fact that if you lose people’s trust, you go out of business.”

A first-year student in the Carlson School’s MBA program, Latta says his father, uncle, and a couple of mentors have helped guide him through the often murky day-to-day choices between right and wrong. In one instance, he reported inflated billing practices to one of his bosses and then left the company. In other cases, he’s learned from hindsight, such as the time a supervisor told him to get bids from union and nonunion companies while planning all along to use only unionized workers. At the end of the process, both Latta and the nonunion subcontractors felt used. “You’re hurried and you don’t think, or you’re told to do something and so you don’t think,” he says about the everyday tension between making money and doing what’s right. “Then at home you think about it, and in hindsight, you look out for things like that.”

Latta’s ethical dilemmas, although hardly of Enron-like proportions, are the stuff of renewed focus in boardrooms and business schools across the country these days. As the Wall Street Journal noted in a recent section on corporate governance — or how to reconfigure corporate leadership to do the right thing — just a couple of years ago its editors would have scoffed at the idea of printing one. Now, in the wake of scandals and bankruptcies, everyone is asking how they happened, and what can be done to prevent them from happening again.

The answer to the first question is easy — people failed. Although it seems painfully obvious today, when companies lock single-mindedly onto profits, it can blind them to right and wrong. Fraud ensues, coverups are exposed, executives are indicted, companies are battered, and lives are ruined. Witness the cases of Adelphia Communications, Arthur Andersen, Tyco, Worldcom, and the dozens of other corporations in the news of late for ethical and legal violations.

One reason people don’t see it coming is because shady behavior doesn’t always happen all at once, but rather in smaller, incremental steps. People filled with good intentions delude themselves about the slippery slope their everyday actions are creating, says Chuck Denny, former CEO of ADC Telecommunications, the Eden Prairie, Minn.-based supplier of broadband network equipment, software, and systems integration services. “I go about expecting noble behavior by everyone else, but excuse my own behavior because I’m only human,” he says with a sly smile.

That sort of typical human behavior, combined with greed and watchdogs who often strayed from their posts, has contributed to the latest cycle of scandal. But the knee-jerk “fixes” that often follow, which usually involve moral harangues and tightened regulations, often prove to be temporary solutions at best.

So how do businesses go about answering the crucial second question — how to prevent ethical violations from happening again? Carlson School professors and business executives alike have some answers on how to be good, and why it’s good business.

But there’s a catch — the answers require a lot of work.

The role of business ethics programs

Ethics programs, like religion, are often a last refuge of sinners — called upon in times of trial, and often used for political cover. Many businesses adopted ethics programs, for example, after 1991 federal sentencing guidelines promised reduced penalties (in the event of federal charges) for doing so. Business school ethics programs, meanwhile, are often ignored or disdained in good times, and blamed for failing the business community in bad. Professors say it’s true that people’s ethics are formed long before they’re career- or college-bound. But that doesn’t mean they don’t need some exercise, particularly when the prevailing winds are blowing smoke about “new economies” that dispense with old rules.

Perhaps the best role ethics programs play is in preparing new generations of corporate leaders to think. Business school might be the first place many people actively engage in deciding how they would handle sticky situations. For instance, do you lay off a long-time employee who is not keeping up with new processes, but who has never received negative feedback for his performance? Do you redesign a product that is being used incorrectly by only a tiny fraction of your customers? Do you shift profits to make one quarter’s earnings look better? In studying real-world cases, students learn that issues are seldom clear-cut as they’re happening, since they involve tradeoffs between a person’s own self-interest, those of his or her company, customers, employees, shareholders, and the community. The principles students decide they want to follow will guide their decision-making. The point, says Karen Schnatterly, an assistant professor in the Carlson School’s Strategic Management and Organization department, is to get students to recognize their own ethical voices so that they’ll be more likely to hear them during a crisis. “At some point, you will be asked to cut a corner, to fudge a result — it will happen to you,” Schnatterly tells every class she teaches. “You [need to] decide now what you’re going to do, because you won’t have time to think about it when you’re asked.”

Good ethics programs help underscore that it’s impossible to separate business from the rest of the world and its consequences. Over and over, students study companies that fail against those that succeed. More often than not, long-term success stems from principle-centered organization. Failure stems from forgetting those principles, says Bob Senkler, chairman and CEO at St. Paul-based Minnesota Life Insurance Co., a board member of the Carlson School, and a University of Minnesota-Duluth alum. “It’s important for business schools to get people when they’re starting out their careers,” he says. “If you look at companies that fail, all too often it’s because of unethical behavior at the core. A fundamental flaw of the education of business executives in America is that we spend 100 hours on how to manage a project, and not enough on the fact that if you lose people’s trust, you go out of business.”
Bob Senkler says three principles drive Minnesota Life’s business: understanding its true purpose (contributing to the health and well-being of its customers); committing to lead, not follow; and encouraging honest communication. All three of those were tested in the 1980s, when it became common in the insurance industry to sell essentially the same policy to customers twice. Because this action was technically not illegal, many insurance firms jumped on it, and the industry developed an “everybody’s doing it” mentality. Senkler says Minnesota Life resisted the practice, and when it was hit with the same class-action lawsuit being filed against many other insurance firms at the time, it could prove its innocence. Many others couldn’t.

Today, we’re learning the same lesson all over again in the form of poor accounting practices and conflict-laden corporate board choices. While such practices might technically be legal, they eventually hurt the companies that get caught up in them. “The interesting part about Enron is that so much of what it did was not illegal,” Denny says. “But a violation of the spirit [of rules] is unethical.”

In Carlson School Professor Ian Maitland’s class, “The Ethical Environment of Business,” students study companies and institutions that failed, along with the rules that guided them, as a way to get at long-term improvements. “We try to determine what makes a good rule, to get at the basis for it so we can say whether it’s strict enough or too strict and why,” Maitland says. “One school of thought is that it really doesn’t matter what [companies] do because everyone is looking right now. Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now in anticipation of that.”

Senkler says three principles drive Minnesota Life’s business: understanding its true purpose (contributing to the health and well-being of its customers); committing to lead, not follow; and encouraging honest communication. All three of those were tested in the 1980s, when it became common in the insurance industry to sell essentially the same policy to customers twice. Because this action was technically not illegal, many insurance firms jumped on it, and the industry developed an “everybody’s doing it” mentality. Senkler says Minnesota Life resisted the practice, and when it was hit with the same class-action lawsuit being filed against many other insurance firms at the time, it could prove its innocence. Many others couldn’t.

Today, we’re learning the same lesson all over again in the form of poor accounting practices and conflict-laden corporate board choices. While such practices might technically be legal, they eventually hurt the companies that get caught up in them. “The interesting part about Enron is that so much of what it did was not illegal,” Denny says. “But a violation of the spirit [of rules] is unethical.”

In Carlson School Professor Ian Maitland’s class, “The Ethical Environment of Business,” students study companies and institutions that failed, along with the rules that guided them, as a way to get at long-term improvements. “We try to determine what makes a good rule, to get at the basis for it so we can say whether it’s strict enough or too strict and why,” Maitland says. “One school of thought is that it really doesn’t matter what [companies] do because everyone is looking right now. Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now in anticipation of that.”

The ethical advantage

Senkler says three principles drive Minnesota Life’s business: understanding its true purpose (contributing to the health and well-being of its customers); committing to lead, not follow; and encouraging honest communication. All three of those were tested in the 1980s, when it became common in the insurance industry to sell essentially the same policy to customers twice. Because this action was technically not illegal, many insurance firms jumped on it, and the industry developed an “everybody’s doing it” mentality. Senkler says Minnesota Life resisted the practice, and when it was hit with the same class-action lawsuit being filed against many other insurance firms at the time, it could prove its innocence. Many others couldn’t.

Today, we’re learning the same lesson all over again in the form of poor accounting practices and conflict-laden corporate board choices. While such practices might technically be legal, they eventually hurt the companies that get caught up in them. “The interesting part about Enron is that so much of what it did was not illegal,” Denny says. “But a violation of the spirit [of rules] is unethical.”

In Carlson School Professor Ian Maitland’s class, “The Ethical Environment of Business,” students study companies and institutions that failed, along with the rules that guided them, as a way to get at long-term improvements. “We try to determine what makes a good rule, to get at the basis for it so we can say whether it’s strict enough or too strict and why,” Maitland says. “One school of thought is that it really doesn’t matter what [companies] do because everyone is looking right now. Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now in anticipation of that.”

The ethical advantage

Senkler says three principles drive Minnesota Life’s business: understanding its true purpose (contributing to the health and well-being of its customers); committing to lead, not follow; and encouraging honest communication. All three of those were tested in the 1980s, when it became common in the insurance industry to sell essentially the same policy to customers twice. Because this action was technically not illegal, many insurance firms jumped on it, and the industry developed an “everybody’s doing it” mentality. Senkler says Minnesota Life resisted the practice, and when it was hit with the same class-action lawsuit being filed against many other insurance firms at the time, it could prove its innocence. Many others couldn’t.

Today, we’re learning the same lesson all over again in the form of poor accounting practices and conflict-laden corporate board choices. While such practices might technically be legal, they eventually hurt the companies that get caught up in them. “The interesting part about Enron is that so much of what it did was not illegal,” Denny says. “But a violation of the spirit [of rules] is unethical.”

In Carlson School Professor Ian Maitland’s class, “The Ethical Environment of Business,” students study companies and institutions that failed, along with the rules that guided them, as a way to get at long-term improvements. “We try to determine what makes a good rule, to get at the basis for it so we can say whether it’s strict enough or too strict and why,” Maitland says. “One school of thought is that it really doesn’t matter what [companies] do because everyone is looking right now. Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now in anticipation of that.”

The ethical advantage

Senkler says three principles drive Minnesota Life’s business: understanding its true purpose (contributing to the health and well-being of its customers); committing to lead, not follow; and encouraging honest communication. All three of those were tested in the 1980s, when it became common in the insurance industry to sell essentially the same policy to customers twice. Because this action was technically not illegal, many insurance firms jumped on it, and the industry developed an “everybody’s doing it” mentality. Senkler says Minnesota Life resisted the practice, and when it was hit with the same class-action lawsuit being filed against many other insurance firms at the time, it could prove its innocence. Many others couldn’t.

Today, we’re learning the same lesson all over again in the form of poor accounting practices and conflict-laden corporate board choices. While such practices might technically be legal, they eventually hurt the companies that get caught up in them. “The interesting part about Enron is that so much of what it did was not illegal,” Denny says. “But a violation of the spirit [of rules] is unethical.”

In Carlson School Professor Ian Maitland’s class, “The Ethical Environment of Business,” students study companies and institutions that failed, along with the rules that guided them, as a way to get at long-term improvements. “We try to determine what makes a good rule, to get at the basis for it so we can say whether it’s strict enough or too strict and why,” Maitland says. “One school of thought is that it really doesn’t matter what [companies] do because everyone is looking right now. Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now in anticipation of that.”
Five years ago [ethics] didn’t matter because no one was looking. But in the long run people will get sloppy again, and that’s why we should make changes now.”

(Walgreen’s and Circuit City were two well-known names that made the list) that had transformed from mediocrity to respectability—averaging cumulative stock returns 6.9 times the general market, and handily outperforming erstwhile powerhouses such as GE and Coca Cola. They compared these companies to others in the same industries that did not make the jump, or which did but then failed to sustain performance. What they found turns the conventional wisdom of the last decade on its head: “Superstar” CEOs were negatively correlated with success, and CEO compensation had no correlation to success at all. What leaders at the “good to great” companies had in common, when compared to other companies, was a relentless focus on the health of their companies and an aversion to the limelight. In terms of ethics, this means they held the interests of at least their company and customers higher than themselves. “These CEOs, you’ve never heard of a one of them,” Bowie says. “[The authors] found that a great CEO looks out the window when the company does well, but looks in the mirror when it does poorly. It’s just the opposite of what these people have been doing for the last five to six years.”

Collins’s research also found that the 11 companies spent much more time than other businesses on recruiting people based on their principles. Once they found the right people and followed the right business principles, a culture of disciplined freedom followed. James Mitchell, a fellow at the Center for Ethical Business Cultures, a Twin Cities organization with ties to the Carlson School and St. Thomas University, has long championed the importance of a creating a great business culture. While at the helm of IDS Life Insurance, a subsidiary of American Express Financial Advisors, Mitchell says he oversaw profits that grew at an annual compound rate of 23 percent, and a rate of return on equity that was consistently twice the industry average. He attributes such success to an emphasis on putting principles in place that acted as guideposts for the entire company. The more employees feel informed and supported by those principles, the better decisions they’ll make—which leads to better treatment of customers and the community, which in turn leads to better company performance and returns for shareholders. “Every decision you make ought to take account of all of your stakeholders,” Mitchell says. “The point is not that there is a right answer in any given situation, because it probably involves a tradeoff, but they should be thoughtful about that tradeoff over time.”

Mitchell says the process of building principles into an organization involves clear communication of mission and values, and making sure that every process is following them. For example, he says, consider a typical accounts receivable department. The department should thoroughly evaluate how it treats its customers, employees, suppliers, and even its competitors. Such self-evaluation will help answer questions of procedure when they inevitably come up. “Clearly, you want people to pay bills sooner rather than later, but you want to be fair to them, to keep a good customer who has fallen on hard times,” he notes. “But you don’t want to subsidize the deadbeats. What does this mean for your employees? Are they supposed to take verbal abuse from customers or not?” Those are the kinds of questions this process will help address, he says.

Companies should also strive to make it acceptable for employees to ask questions and make mistakes, he adds. A culture of fear and coverup eventually leads to scandal. “If you make it OK for someone to come to you with a question, you’ll find out about something [bad] that’s happening, and you may be appalled. But if people aren’t
“At some point, you will be asked to cut a corner, to fudge a result— it will happen to you. You [need to] decide now what you’re going to do, because you won’t have time to think about it when you’re asked.”

free to question, then they’ll assume you know everything that’s going on—and that it’s all perfectly fine with you.”

Lesson learned

For Norstan, a 30-year-old telecommunications company based in Minnetonka, Minn., straying from its principles nearly led to bankruptcy. After years as an exemplar of business ethics, one of its cofounders, Sid Cohen, died. Shortly thereafter, the other cofounder, Paul Baszucki, had a heart attack. Needing to take a break from day-to-day management, Baszucki hired new leadership in 1996, as the last economic boom was cranking into high gear. “If [Baszucki] were telling you this story himself, he’d say at the time that he mainly talked about strategy, business opportunity, and investment, and he didn’t talk a lot about community connections and values,” says James Granger, Norstan’s current CEO. “The focus of the whole world had shifted away from values to ‘Internet time’ and the dot-com world—and lo and behold, the company got off track.”

In the late 1990s, Norstan shifted from its focus on its core telecommunications business and ventured into consulting. It quickly started losing money—$8 million a quarter. Soon it was $80 million in debt to banks, and $16 million in debt to its vendors. In two years’ time, says Granger, the company had tumbled from double-digit earnings and growth to losing $100 million in equity. In 2000 Baszucki stepped back in, dismissed the management team, found Granger, and hired him after interviews based almost exclusively on questions about values. When Granger took over at Norstan, even though he had little time and employees were clamoring for strategy, he says he made it clear that the company’s purpose and values would drive those other factors. Even though Norstan slashed its workforce nearly in half, sold off entire business units, and froze salaries, Granger says an employee survey still generated the highest marks in four years. Today, the company is profitable again. “At our first town hall meeting after Granger started, [management] basically laid it all out for us,” says Anne Linvill Seidel, Norstan’s director of marketing communications. “They said, ‘Here’s where we are, and here’s what we need to do. Then they asked for our suggestions.”

After being kept in the dark for so long, Seidel notes that employees could take the bad news in stride, in part because they believed that the company was reconnecting with its values. “We knew what we were working toward,” she says.

Walking the walk

Despite the recent media focus on the Enrons and Tycos of the world, both Mitchell and Bowie are concerned that not enough current company leaders are voicing outrage over scandal, or taking the opportunity to reexamine their own practices. Now is the time for corporations to look to business schools as uncharted—or at least underused—resources of people and ideas, says Mitchell. At the Center for Ethical Business Cultures, Denny and others are attempting to create a step-by-step process for adopting ethical practices, much like similar guides for quality assurance processes. In a similar vein, Norstan is conducting a year-long ethics seminar at Georgetown College in Georgetown, Ky., that is examining the practice of ethics from the perspective of different parts of a company such as sales, human resources, and finance. And the Wall Street Journal recently suggested corporations might want to pull board directors from the classroom instead of the Rolodex. Bowie, for one, would like to let CEOs know that his door is open. “I talk to reporters all the time,” he says. “But I’m not getting calls from businesspeople.”

Denny says it’s important not to leave ethics to “others,” pointing out how time and again, when he was outraged over a loosening of accounting rules, he played tennis or saw a symphony instead of phoning his Congressman. If shareholders expect companies to lie to them, they’ll lie, he notes. If we allow all the checks and balances to fall away so that industries are entirely self-regulating, then we’ll naturally see conflicts of interest. It’s only human. “How do you ensure democracy works?” he asks. “That’s really what this is all about.”

Granger and other business leaders emphasize that the work of creating ethical businesses is never done. “It’s a journey,” he says. “If you think you have to be perfect going in, you’ll never start, and you can’t think you’ll be perfect every day.”

There’s also the need to constantly reiterate a company’s core principles and values in the form of stories and examples. “At our town hall meetings, if I don’t get a question that allows me to get back to values, I’ll ask one myself,” Granger says. “Then I’ll tell a story that shows initiative, collaboration, or integrity.”

Minnesota Life’s Senkler says it’s important to turn ethics into everyday action, and not simply talk about them. “I don’t use the word ‘ethics,’” he says. “If we’re saying we demand ethical behavior, well, what is it? [Instead,] I say, ‘This is how we do business.’ It’s a way of life to us.”

Latta, who has yet to take an ethics course at the Carlson School, already knows that business ethics are good business, and that they require constant vigilance. That’s how he plans to run his own construction firm someday. “Ethical business practice lends itself to profitable relationships with customers—especially repeat customers,” he says. “When you sit down with somebody to hire them, you need to say fairly regularly, ‘Look, you don’t take advantage of the customer, because they’ll figure it out eventually and you’ll lose them.’ People get caught up in short-term goals and lose sight of that. It may sound terribly naive, but I honestly believe it.”

Sara Aase is a Minneapolis-based freelance writer.
John Dickhaut believes there is a human predisposition to trust. “It’s one of the reasons we see simple contracts.”
The importance of corporate responsibility is clear at the Carlson School, where, for example, the MBA program includes course requirements in business ethics. The Carlson School was also one of the first major American university business schools to create an endowed chair in ethics; professor Norman Bowie has held the Elmer L. Andersen Chair in Corporate Responsibility since its creation in 1989. But perhaps the most telling attribute is the faculty’s record of business ethics-related publication. A number of professors have joined Bowie in publishing work that examines business issues in the context of ethical standards. From environmental sensitivity to the moral obligations of companies operating overseas to white collar crime, Carlson School professors are making a mark in the world of corporate responsibility with research that influences the way company leaders and government regulators approach the challenges of business ethics.

Recent headlines about corporate scandals may give the impression that business ethics is a new or recently revived field that involves little more than figuring out how to get companies to honestly report their finances. But the topic is far more complex than that, and the Carlson School has rigorously focused on ethics and its related issues for years.

The importance of corporate responsibility is clear at the Carlson School, where, for example, the MBA program includes course requirements in business ethics. The Carlson School was also one of the first major American university business schools to create an endowed chair in ethics; professor Norman Bowie has held the Elmer L. Andersen Chair in Corporate Responsibility since its creation in 1989. But perhaps the most telling attribute is the faculty’s record of business ethics-related publication. A number of professors have joined Bowie in publishing work that examines business issues in the context of ethical standards. From environmental sensitivity to the moral obligations of companies operating overseas to white collar crime, Carlson School professors are making a mark in the world of corporate responsibility with research that influences the way company leaders and government regulators approach the challenges of business ethics.
Norman Bowie: Enlightened management

For Bowie, research in the area of business ethics is natural. Bowie has a Ph.D. in philosophy from Harvard, and has a joint appointment in the University of Minnesota’s Philosophy Department. Specifically, he has examined corporate practices to determine the extent to which they are right or wrong according to traditional ethical theory. As he notes, there is an important difference in the research of philosophers and the research of scientists or social scientists. “[Philosophers] don’t describe the world, we judge the world,” he explains. “We’re more like artists or social commentators.”

Bowie’s primary area of focus has been evaluating business management in the context of 18th century German philosopher Immanuel Kant. He explains that Kant’s philosophy essentially stated that, “You should respect people, and you should not engage in activities that are self-defeating, such as lying or breaching contracts.”

Now in its seventh edition, Bowie’s textbook, Business Ethics: A Kantian Perspective, considers what a firm organized along Kantian lines would look like—and if such a firm could be profitable. “A Kantian firm would adopt most of the enlightened management principles endorsed by organizational studies and thus it would be profitable,” he says.

Bowie has also considered ethical standards for multinational corporations. “I’ve basically tried to answer the question, ‘When in Rome, should you do as the Romans do?’” he says. The philosophical answer and the business answer to that question are both “no,” he adds. “Most philosophers reject ethical relativism and most multinationals insist that foreign subsidiaries subscribe to the core values of the firm.”

Where there are conflicting standards—when the country in which a subsidiary operates has different principles than those commonly accepted in the United States—the company’s leaders should negotiate agreements, he adds.

Bowie’s recent work has included an examination of how appropriate agreements can be reached, and has focused specifically on agreements governing international sweatshops.

John Dickhaut: Trust matters

As a professor of accounting, John Dickhaut has investigated the issue of trust and the role of trust in economic transactions. What he has found, primarily through laboratory experiments—a pioneering method of examining the issue—is a human predisposition to trust, even when the subjects of the study do not have the benefit of contracts or reputation.

The cornerstone of Dickhaut’s research is an experiment he calls the investment game. In the game, Player 1 is given a sum of money. He or she can then decide to transfer any portion of the money to Player 2. The money transferred is automatically multiplied by a predetermined factor before it reaches Player 2, who then decides how much money to return to Player 1. For example, say Player 1 is given $10, and decides to transfer $5 to Player 2. The transferred portion will be multiplied by 3 before Player 2 receives it. Player 2 then has the option to return some portion of the $15 to Player 1. If he or she decides to return $8, the final payoffs for the players are $13 and $7 respectively. If no transfer had taken place, the payoffs would be $10 and $0, respectively.

The players do not have the benefit of a written binding contract—in fact, they are not allowed to talk to each other at all during the game. In addition, each subject plays the game only once, eliminating the possibility of building reputation. The expectation is that under standard economic modeling assumptions, no investment should occur, says Dickhaut.

In the experiment, when the first players were given $10, and the amount transferred to Player 2 was multiplied by 3, the average amount sent was $5.16 and the average amount returned was $4.66. Analysis of the outcomes of the games has led Dickhaut and his colleagues to conclude that the subjects involved in the games typically exhibit trust, even without binding contracts or knowledge of others involved in the transaction.

Dickhaut says that the investment game experiment—which has been duplicated in other countries—illustrates predisposition to trust. “It’s one of the reasons we see simple contracts,” he says. For example, individuals and their employers might sign employment contracts, but those contracts are typically quite basic. “Pay is not contingent on everything you do—you don’t have nitty-gritty details in contracts,” he adds.

Ultimately, Dickhaut says his research may lead to less complicated contracts, and also offer guidance on how to write such contracts. “It doesn’t mean you don’t want some contract, but you may not need to have them supercomplicated,” he says.

Ian Maitland: The business of values

Ian Maitland, a professor in the Strategic Management department, has examined how markets play a role in preserving and promoting ethical values. A commonly held belief is that markets encourage unethical behavior such as selfishness. In contrast, Maitland’s work suggests that markets actually teach virtuous behavior, including self-restraint, trustworthiness, fairness, and consideration and empathy for others.

Maitland says most people view institutions such as family, church, and community as schools of virtue, but markets...
Ian Maitland: “Many of the character traits that we commonly call the virtues are rewarded by the market. Therefore, participation in the market may inculcate values and dispositions that make us better citizens—as well as better colleagues, suppliers, employers and employees, and so on.”
Karen Schnatterly: “In April 2001, I would have been suspicious that white collar crime was occurring at Enron.”

“Because they are small and their suppliers tend to be larger, they look to their suppliers for expertise,” Marcus says. “Suppliers tend to tell them, ‘If you want to coat a piece of metal, these are the chemicals you can use. This is an acceptable process. This process will work. They jointly problem-solve, and they trust their suppliers,’” he says.

In his examination of environmental regulations, Marcus found that flexible—rather than rigid—regulations are more effective in gaining the cooperation of companies, and in improving practices that protect natural resources. When government regulations prescribe a process instead of outlining a goal for environmental protection, he explains, firms have little incentive to go beyond the minimum requirements. “Especially with air pollution and water pollution, they tell you to install a piece of technology,” he notes. “Sometimes people in firms say, ‘I can change my process here and do it more cheaply, and get better results, but I’m not going to do that because the government won’t give me a permit.’

“In general, a lot of our laws are set up with the idea that firms are not to be trusted,” he adds, noting that the people within companies who are responsible for environmental policies are professionals with a great deal of expertise. “I don’t think government regulation takes that into account. A lot of government regulation is dominated by the environmental groups—and environmental groups feed off the idea that businesses can’t be trusted and that they’re the enemy.”

Recently, Marcus evaluated the Project XL program, an effort by the EPA to offer businesses regulatory flexibility in exchange for superior environmental performance. He found that the program failed because “there was insufficient trust and a lot of bureaucracy got in the way.”

In addition to his work on environmental regulations, Marcus is revising a textbook he wrote previously, which was last revised in 1996. The book, Business and Society, is expected to be used in business ethics courses.

Alfred Marcus: Green rules
Strategic Management Professor Alfred Marcus has spent years considering why corporations take steps to protect the environment. He has also examined what type of government regulation is most effective in protecting natural resources.

Recently, Marcus has examined two sectors, the grocery and metalworking industries, to determine what shapes their environmental practices. Based on a survey of 100 grocers, Marcus found that those with a broad mission to serve societies and communities—rather than a narrow mission related to law and cost efficiencies—are more likely to have sustainable policies with regard to their internal practices and the products they sell.

Marcus’s research concerning the metalworking sector and its adoption of pollution-prevention capabilities also shows that individual companies’ relationships with their suppliers play a key role in shaping their pollution prevention practices.

Karen Schnatterly: White collar blues
Karen Schnatterly, an assistant professor of Strategic Management, has examined the issue of corporate governance and white collar crime. Her research has taken on special significance in light of the recent corporate accounting scandals. Specifically, Schnatterly has researched the types of practices that reduce the risk of—and increase the odds of detecting—corporate white collar crime. She also has looked extensively at corporate leadership issues, including the effects of the percentage of outsiders on a board, how the board is paid, and how much stock is owned by board members, for exam-
ple. She also examined the CEO—such as how much stock he or she owns and how options are given.

Schnatterly found that the issues surrounding the board of directors and the CEO were not significant in reducing white collar crime. What does work? As she notes, it boils down to three specific factors. First, if the boundaries of individual jobs are made clear, and if company policy clearly articulates what is appropriate and inappropriate, there is less chance that individual employees will violate the boundaries. In addition, when it is someone’s job to communicate across a company, it is much harder to hide a crime. Finally, extending performance-based pay to more employees helps prevent white collar crime.

“I tested the findings in this study by analyzing Enron using the three key internal variables from the study,” she says, referring to policies and procedures, cross-company communication and performance-based pay. Using documents from April 2001—prior to Enron’s collapse—she found that Enron was “significantly below average on clarity of policies and procedures and formal cross-company communication. “In other words, in April, I would have been suspicious that white collar crime was occurring at Enron.”

Kate Peterson is a freelance writer in Granger, Ind. Her father, Charles Flaherty, taught at the Carlson School until his death in 1997.

Alfred Marcus: “Sometimes people in firms say, ‘I can change my process here and do it more cheaply, and get better results, but I’m not going to do that because the government won’t give me a permit.’”
First, an introduction. America’s PPO is a healthcare insurer, but is far less known than dominant players in the Minnesota market, notably Medica, Blue Cross Blue Shield, and HealthPartners. The customers that work with America’s PPO are employers that insure their own employees. America’s PPO develops provider networks and tailors plans to fit the specific needs of each company’s workforce.

“If an employer wants an off-the-shelf health plan for their employees, they would probably go to Blue Cross or Medica,” Eftekhari explains. “If they want a more customized solution—if they want expanded customer service capabilities, if they want a more hands-on approach—then they would go to someone like America’s PPO.”

America’s PPO currently operates in Minnesota and the Dakotas. Though Eftekhari still owns the company, these days she’s more involved with Bloomington-based HealthEZ, a healthcare transaction-management firm she runs for a group of investors. Still, the provider-network organization she cofounded in 1982 remains close to her heart, and to her thinking about the direction of healthcare.

Eftekhari has had an extensive career in Minnesota healthcare administration. Born and raised in Iran, she studied at the London School of Economics before coming to the United States in 1978. After earning her MHA from the Carlson School in 1979, she and a fellow U of M MHA grad named Steve Gregg (’72) saw a need for a different type of health plan. “At the time, there were really only two types of plans on the market—one was HMOs, the other were traditional indemnity or traditional insurance plans,” she recalls. She and Gregg “designed a hybrid between an HMO plan and indemnity plan.” The HMOs of the early 1980s had strong cost-control systems, but they often made it difficult for patients to see specialists outside of a network—restrictions that traditional insurers didn’t have. What Gregg and Eftekhari sketched out was what would be called a preferred provider organization (PPO), which would develop networks, but make it easier for patients to get second opinions and specialist care.

America’s PPO was Minnesota’s first preferred provider organization, and one of the first in the nation. These days, Eftekhari says, the PPO model “is the dominant form of healthcare delivery in the United States, at least among employers.”

That said, HMOs and traditional insurers are still large players in some sectors. While they have taken on some of the innovations advanced by PPOs—most notably more flexibility in networks—Eftekhari sees some key differences between the organizations. “We get business based on service. And that’s the general way in which we compete.” PPOs, she adds, “have a much more collaborative relationship with providers of healthcare services.”

The perfect storm
Eftekhari believes—as do many people in the industry—that the U.S. healthcare vessel is heading toward what she terms a “perfect storm.” If you think that costs and insurance problems are at a critical stage now, she suggests, wait till you see what’s looming. Eftekhari identifies three “elements coming together at the same time” to produce this typhoon.

One is demographics: the millions of baby boomers who will start retiring in massive numbers by decade’s end, loading an extra burden on the healthcare delivery system. “The rate at which [boomers] need and utilize healthcare services is increasing, and there’s nothing anyone can do about that,” she says. “As I like to tell people: When you’re under 40, if something hurts you, you ignore it and it goes away. But when you’re over 40, if something hurts, you ignore it—and then it hurts like hell! You want to go in there and get something done about it.”

The second factor is technology, both mechanical—such as the
high-tech imaging systems that are revolutionizing procedures for cardiac and vascular conditions—and pharmaceutical. “We will increasingly be equipped with better and more specific drugs, not only to treat conditions but to alleviate symptoms and to impact lifestyles,” she says. “Some of these won’t cure you, but they will help you live your life more comfortably. A lot of the medications now out for arthritis fall into that category. Whereas a generation ago you were reconciled to the pain of it. From this generation forward, there are going to be increasing choices.”

Indeed, healthcare “consumers” are going to be demanding these technologies. And that is the last factor in Eftekhari’s perfect storm: Consumer expectations for healthcare are higher than ever. “We’re not going to wait for a doctor’s appointment, we’re not going to live with pain,” she notes. “We want [our conditions] fixed, and we want them fixed now. We are also highly mobile, and we are highly informed. I cannot tell you the number of times in a day when I get calls from friends and acquaintances who ask: ‘Who is the best person in the world for whatever it is that I happen to be suffering from?’”

Pay the price

All these factors suggest that healthcare costs will continue to climb skyward. Remarkably, Eftekhari doesn’t think that is necessarily a bad thing. Despite the priciness of new technology and medications, people are able to live longer and more comfortable lives because of them. “The stuff that hurts can be fixed and medicated and solved, and it can all be done a lot less invasively with far fewer side effects,” she notes. “You look at the treatment of depression compared to just a short while ago, and what the side effects were and what they are now—it’s night and day.” By and large, she sees the high price of healthcare as “part of living in the golden age in the golden country.”

Still, Eftekhari believes that the coming storm will be more than the dominant system of healthcare reimbursements can handle. “I don’t think the more simplistic, less-elegant approaches of the traditional delivery systems—discounting the doctors or discounting the hospitals [to] save money or deny benefits—are going to work,” she says. “How much of a discount are you going to take out of doctors and hospitals to actually make an impact vis-à-vis these conditions that are coming down?”

So what might be a better approach? Eftekhari thinks that it lies in creating “more sophisticated solutions that engage both the consumers and the providers, as well as the employers who pay those bills, in a collaborative effort.”

What a PPO model can do, she adds, is give employers and employees more choices. It can let “consumers exercise their decision-making and select the option that best meets their needs by moving them away from the $10 to $15 all-you-can-eat healthcare buffets—where you go to the doctor’s office, it’s $15 and you don’t worry about any of the rest of it. Well, what incentive does the consumer have to ask if they really need that next test or MRI? None.”

What’s needed in the industry now, Eftekhari suggests, is a “conversation” between providers, insurers, employers, and patients, rather than the adversarial relationship that often develops between these players. “Part of what we do at America’s PPO is we actually get there and have this conversation,” she says. “I think the future will belong to the plans that are the least intrusive and most conductive to the relationship between the provider of healthcare services and the patient.”

Two decades after helping to start a revolution in healthcare coverage, Nazie Eftekhari is looking ahead to even more changes. A more collaborative approach might not cure everything that ails the industry, but it would certainly be a healthy step forward.

Mac Wylie is a Minneapolis-based freelance writer.
Does an MBA Matter?

Despite conflicting reports about the degree’s value, the MBA still pays off, alumni say.

Asked about her days as a graduate student at the University of Minnesota, Mary Alice Pappas remembers the white-knuckle drives up Minnesota Highway 52 from her home in Rochester to get to an 8 a.m. class in the middle of winter. She recalls the tension she felt when she asked to go over her boss’s head to the president of the company to get permission to take one day a week off to pursue an MBA. And she also remembers a moment in Professor Roger Schroeder’s Operations Management class when she realized that this was exactly what she wanted to do.

The degree Pappas received from the Executive MBA program in 1984 changed her career. Almost immediately after receiving it, she was promoted and got a raise—an important step for the single mother of two. She also moved from a human resources position into operations, and later moved from Minnesota to Palm Beach, Fla., where none of the white-knuckle drives involve snow. Perhaps most important, she notes that the degree changed her approach to business, helping her understand how organizations function. “I realized that the global or big picture is the starting point,” says Pappas, now a vice president of Northern Trust Bank. “I also learned lots about human interaction—and how the power, arrogance, and competitiveness of individuals can enhance or sabotage organizations.”

Pappas’ story reflects what students have long expected from an MBA: a better job, more money, better skills, and new insights. Those assumptions have been called into question of late, however. At least one recent study has questioned whether MBA students have unfounded, unrealistic expectations. In a highly publicized article, Stanford University researchers Jef-
frey Pfeffer and Christina Fong argue that the impact of the MBA on earnings and other measures of success over the long term are negligible. They pointed to three studies done between 1971 and 1985 that found no difference in salary between corporate managers with MBAs and those without them who have similar years of experience. The researchers blamed the MBA’s supposed decline in value on the increasing number of MBA degrees awarded. About 100,000 people a year earn MBAs from all U.S. schools, up from a mere 3,200 degrees awarded annually in the mid-1950s. Fong and Pfeffer also claim that business school programs are not rigorous enough in their grading, emphasize analysis over hands-on experience, and turn out graduates that one researcher called “critters with lopsided brains, icy hearts, and shrunken souls.” Even elite MBA programs serve more as a prescreening service for corporate recruiters looking for talented individuals than as a professional education provider, say Pfeffer and Fong.

So, which perception is more accurate—Pappas’s tangibly positive experience or Pfeffer and Fong’s critically negative analysis?
ence and results, or the gloomier outlook proffered by Pfeffer, Fong and others? The answer depends on how you want to think about the question.

Still, the degree does have quantifiable benefits. MBA graduates nationally were offered an average salary of $75,000 a year in 2002, according to the Graduate Management Admissions Council. (Carlson School graduates averaged $99,000.) That’s $34,000 more than the average undergraduate degree-holder, and $25,000 more than the average graduate degree-holder in other fields. The MBA degree’s relative payoff also is much larger for some students than others. For instance, women who earn an MBA typically double their salaries, according to a 2001 GMAC report.

What’s more, the hiring-related statistics might be a bit misleading. “MBA hiring really follows what’s happening in the economy in general,” says Kerttula, who adds that the poor economy has not hurt Carlson School graduates as much as some from other parts of the country. One reason why: MBA recruiting is regional in nature. Because the Twin Cities’ and Midwestern economies are relatively diverse, a downturn in any one industry — say, finance or consulting — does not have a disastrous impact on overall recruiting.

“Most of the data I’ve seen suggests that over time there is quite a hefty return to the MBA,” says Dennis Ahlburg, senior associate dean for faculty and research at the Carlson School. Generally, MBAs can expect their lifetime earnings to be three times that of high school graduates. Adds Ahlburg: “We’re talking about millions of dollars.”

BMW or Yugo?

Ahlburg also criticizes the Pfeffer and Fong study for its use of old data and methodologies. But the study’s biggest weakness, he says, is that it makes no distinction between accredited MBA programs and nonaccredited ones. Of the 900 institutions in the United States offering MBA degrees in 2000, only 341 were accredited. “Would you expect the same performance from a Yugo that you get from a BMW?” asks Ahlburg. “No.”

MBA program quality and content varies widely. At one end of the spectrum,
John Stumpf, ’80 MBA

“[MBA coursework] really broadened my thinking. It forced me to understand the possibilities, not just the probabilities.”
you have nonaccredited institutions, or “degree factories,” as they’re occasionally called. While students may learn about business at such institutions, the academic standards typically are not rigorous. And many nonaccredited schools will hand out degrees to nearly anyone willing to pay and attend class. In the middle are reputable schools that train MBAs using a “best practices” model. These sorts of programs cover key topics and issues, with classes generally taught by successful managers, rather than academics. The built-in challenge to this approach is that the practices which have worked at an instructor’s firm in the past may or may not work for his or her students in the future. Says Ahlburg: “Like all apprenticeships, the quality of the instruction depends on the quality of the master.”

At the top end of the spectrum are programs at research universities, where the professors’ research outside the classroom and the school’s contacts in a variety of industries keep students at the leading edge of business thinking. These programs tend to have the highest payoff financially, and in terms of training students for dynamic opportunities. One survey of MBA graduates found that 75 percent felt the degree increased the kinds of organizations in which they could be employed. “Sometimes it’s not just more money,” says Ahlburg. “MBAs may be picked to go overseas or to start up new ventures. They may be able to take advantage of things that make work more interesting.”

Of late, many MBA programs, including the Carlson School’s, are creating classroom experiences that mimic the business world. Students entering the Carlson School MBA program now aver-
age more than four years’ work experience, and many have sophisticated understandings of business. “It’s not like they are empty vessels that we fill up and ship off,” says Ahlburg.

To ensure that students are challenged, the Carlson School has adapted its MBA program to include even more real-life experiences. The school now has a student-run fixed-income fund with assets of more than $11 million, a venture capital company, a branding company, and a consulting firm. Each of these Carlson Enterprises works with real clients and prepares students interested in these fields specifically for the kinds of work they will do after graduation. “We’re taking things that would be taught in the classroom and building a business around it within the Carlson School,” says Ahlburg, who adds that while each business has a faculty and professional advisor who function as a “safety net” for the company, “essentially, the students are running the companies.”

Without question, real-world experience offers a huge practical benefit. But ideas and analysis remain key com-

Angela Vikesland, ’81 MBA

“Every single position I’ve had since getting out of graduate school was through someone I knew. There is no way I would be where I am today if I did not have an MBA.”
ponents of MBA training—and often are one of its great payoffs, says Daniel Forbes, assistant professor of strategic management at the Carlson School. Students do not always see immediately the value of theories and ideas, however. “When people are busy looking for a job or are very focused on their current job—as MBA students generally are—it is natural for them to want to learn facts instead of ideas, because facts seem more relevant,” says Forbes. “But facts are not what you should be looking to get out of an MBA program. You can buy a subscription to the Wall Street Journal and get all the facts you want. The thing is, facts have a very short half-life—most of them will be irrelevant next year and replaced by other facts. What you want to do while you’re in school is learn ideas. Ideas are harder to learn than facts. You have to talk about them, write about them, and really work on them for a while before they take root. And ideas, which you need in order to interpret facts, are things you can take with you for decades after you finish your program. They decline in value much more

Mark Workman, ’88 MBA

“The MBA has felt invaluable to me the past four years.... Half of the allure of an MBA is that you have good, sharp people pushing each other.”
slowly and can even be refined and expanded over time as you grow older.”

Carlson School alumni often describe the value of learning ideas as “broadening their thinking.” John Stumpf, ’80 MBA, earned his MBA at night while working for a Twin Cities bank. “All of a sudden, I was learning more at night about the things I was working on in the day-time,” says Stumpf, now executive vice president for Wells Fargo Bank in San Francisco. He remembers a particular manufacturing company case study in which white paint accidentally came out gray, and the class needed to figure out how and why. The professor was relentless in forcing students to think through every possible explanation for the problem. “That really broadened my thinking,” he notes. “It forced me to understand the possibilities, not just the probabilities.”

William Westhoff, ’74 MBA, the former president of Advantus Capital Management, St. Paul, and now CIO for St. Paul-based Minnesota Life Insurance Co., agrees with Stumpf. “Almost every class I went to I would have an ‘ah-ha’ moment where something I had been working on at work suddenly made sense,” he notes.

The traditional use of case studies and small work groups in MBA programs prepares graduates well for modern business situations, in which individuals with diverse backgrounds, tasks, and from different locations must make decisions jointly. Angela Vikesland, ’81 MBA, was trained as a chemist, then worked in banking after receiving her MBA. She now supervises “hard-core” technical workers for a Hewlett Packard Co. division in Chicago. “What I learned in graduate school is that you don’t have to be the most knowledgeable person in the world, as long as you can rise to the occasion.”

“For Mark Workman, the MBA has grown more valuable as he has developed his own business. A 1988 MBA graduate from the Carlson School, Workman worked in strategic marketing for The Walt Disney Co. and eventually moved on to serve as senior vice president for global strategic marketing for Sony Pictures Entertainment in Los Angeles. Four years ago, he founded FirstFireworks Group Ltd., a Los Angeles-based entertainment branding and business development firm. “The MBA has felt invaluable to me the past four years,” says Workman, adding that because his undergraduate degree was not in business, the training he received in finance and accounting as part of his MBA has been particularly useful to him as he has developed his own business.

Vikesland does agree with one of Pfef-fer and Fong’s bright notes about MBA programs: They bring together talented individuals. Strong programs attract strong students, many of whom tend to network with each other after graduation. “Every single position I’ve had since getting out of graduate school was through someone I knew,” says Vikesland. “There is no way I would be where I am today if I did not have an MBA.”

“Half of the allure of an MBA is that you have good, sharp people pushing each other,” says Workman. While he adds that he would not recommend the MBA for everyone—for instance, many people working in the creative aspects of entertainment would not see any career advantage in getting an MBA—it is solid training for people who plan to run a company some day.

Despite the poor economy—or perhaps because of it—applications to MBA programs at the Carlson School and elsewhere remain high these days. Forbes says he advises students not to look at an MBA as a short-term economic strategy—a way to beat the current economic conditions—but as a long-term investment in their careers. “My guess is that many students’ perceptions of the MBA’s value rise and fall rather sharply with what is going on in the job market,” he says. “Those kinds of fluctuations are understandable, but I don’t think it’s wise to try to time your education like you might try to out-guess the stock market. People getting an MBA need to be prepared for all kinds of crazy things—both good and bad—to happen in the short term.”

One advantage that future MBAs may have is that the degree-holders are often in the position to hire new graduates. Says Westhoff: “Over the years, when I interviewed people, I always looked for people who were working and getting an MBA in the evening. I knew how difficult that was and appreciated the drive of anyone who did it.”

“At the end of the day, we don’t hire or promote based on whether people have been to school or what degrees they have,” says Wells Fargo’s Stumpf. “We hire and promote based on performance. But to suggest that performance is not partially related to education is to be naïve.”

Mary Lahr Schier is a Northfield, Minn.-based journalist.
<table>
<thead>
<tr>
<th>Class Notes</th>
</tr>
</thead>
</table>

### 1930s
Robert Watson, ’39 BSB, is retired from his position as vice president at Pillsbury and is living in Minnetonka, Minn.

### 1960s
Jim Campbell, ’64 BSB, received the third Community Builders Award from the Urban Ventures Leadership Foundation in Minneapolis. Herbert Morton, ’64 Ph.D., passed away on Dec. 21, 2002, at his home in Bethesda, Md.

### 1970s
Jon Jagiela, ’71 BSB, is chief operating officer and executive vice president of the Marshall Group and its subsidiary, Marshall Investments. David Kaysen, ’72 BSB, was appointed president and CEO of Diametrics Medical, St. Paul, Minn.

### 1980s
Sandra Turner, ’81 BSB, of Turner Consulting, was named pro bono chairwoman by the Upper Midwest Chapter of the Turnaround Management Association. Elizabeth Bickel, ’82 BSB, is interim president of the board of Children’s HeartLink, Minneapolis.

### 1990s
Perry Hines, ’90 MBA, is senior vice president and chief marketing officer at Irwin Mortgage in Indianapolis. Michael Stokke, ’91 MBA, is a partner at Deloitte & Touche in Minneapolis. Rebecca Whitcomb, ’91 MBA, is director of marketing and operations for Collectables Direct Inc.

#### Making Connections
Matthew Feyen, ’98 BSB, was recently named director of business services at the Minnesota division of Time Warner Cable Connections in Minneapolis. He is now managing all of the company’s sales operations for business-to-business services within Minnesota.

Brock Nelson, ’76 MHA, is president and CEO of Regions Hospital in St. Paul, Minn.

Jon Campbell, ’77 BSB, has been appointed to the board of trustees of the Minneapolis Foundation.

Kim Evers, ’77 MBA, has been elected chairwoman of the International Foodservice Manufacturers Association in Chicago.

Kent O. Lillemoe, ’87 MBA, is vice president of finance and CFO at St. Croix Medical, Minneapolis.

Danette Mueller, ’87 BSB, has been named president of the Twin Cities chapter of the American Society for Training and Development.

Robert Basten, ’88 MBA, has been elected to the board of the Robert Packard Center for ALS Research at Johns Hopkins University in Baltimore.

Jeff Weirens, ’88 BSB, has been named a partner at Deloitte Consulting.

Janet Ampe, ’89 BSB, joined the Minneapolis office of the law firm Felhaber, Larson, Fenlon, and Vogt P.A. Her practice focuses on labor and employment issues.

John Mack, ’89 BSB, was named senior director of marketing for the heart valve division of Medtronic, Minneapolis.

Jan Meier, ’89 BSB, was elected vice president of the Minnesota Precision Manufacturing Association.

Steven Schmidgall, ’89 CEMBA, is a senior associate and manager of construction administration at HGA Inc. in Minneapolis.

Matthew Feyen, ’98 BSB, was recently named director of business services at the Minnesota division of Time Warner Cable Connections in Minneapolis. He is now managing all of the company’s sales operations for business-to-business services within Minnesota.
John Witham, ’91 BSB, is CFO at Metris Companies, Minnetonka, Minn.

George Hadjiyanis, ’92 MBA, is vice president of marketing at Zomax Inc. in Plymouth, Minn.

Neal Nelson, ’92 MBA, relocated to Dallas, where he continues to help individuals manage their investments.

Barry Nordstrand, ’92 MBA, is president of the fixed income capital markets division of U.S. Bancorp Piper Jaffray in Minneapolis.

Patrick Wethington, ’92 MBA, is vice president of North American sales at Endocardial Solutions Inc., St. Paul, Minn.

Steve Betz, ’95 MBA, is director of sales channels for Onvoy in Plymouth, Minn.

Karen Beckwith, ’96 CEMBA, was named president and CEO of Gelco Information Network in Eden Prairie, Minn.

Greg Gibbons, ’96 MBA, passed away on Nov. 23, 2002. He had been employed by 3M.

Jeanine Sundt, ’96 MBA, serves on the board of directors of the Twin Cities chapter of the National Investor Relations Institute.

Jakub Karnowski, ’97 MBA, is director of the international department of the National Bank of Poland.

Jeff Klinefelter, ’97 MBA, is a senior softlines retail analyst at U.S. Bancorp Piper Jaffray. In November 2002, he appeared on the PBS program, Wall Street Week with Fortune, to discuss the outlook for retail companies during the holiday season.

Kevin Decker, ’98 BSB, is an associate at the law firm of Briggs and Morgan P.A. in Minneapolis.

Scott Gage, ’98 MBA, is president and chief operating officer at Gage Outdoor Expeditions in Golden Valley, Minn.

Chris Gustanski, ’98 MBA, was awarded a Rising Star Award by the University of Minnesota Alumni Association for his contributions to collegiate alumni programs. He lives in Edina with his wife Amie, ’99 MBA.

Gary Prazich, ’99 MBA, is executive director of finance and controller for Onvoy in Plymouth, Minn.

John Utley, ’98 MBA, is vice president of business development for Teletrax in London. He lives with his wife Julie in Charlotte, NC.

Carlos Calderon, ’99 MBA, is a vice president at ADC Telecommunications, Eden Prairie. He and his family are resettling in the Twin Cities after completing a one-year assignment in Europe last August.

Amie Gustanski, ’99 MBA, was awarded a Rising Star Award by the University of Minnesota Alumni Association for her contributions to collegiate alumni programs. She lives in Edina with her husband Chris, ’98 MBA.

Jay Bosch, ’00 MBA, is vice president of engineering at Sinex Aviation Technologies in Duluth, Minn.

Matthew Dudley, ’00 MBA, is a sales representative at the Leuthold Group in Minneapolis.

Brian Delgado, ’01 MBA, is manager of communications at Land O’ Lakes in Arden Hills, Minn.

Jeng-Bin Patrick Tsai, ’01 MBA, works for KPMG Consulting in Taiwan.

Sanjay Zaveri, ’01 MBA, is a manager of pharmaceutical development informatics at Bristol-Myers Squibb in New Brunswick, N.J.

Keith Mikkelson, ’02 MBA, was featured in a profile on the Graduate Management Admissions Council Web site.

Want to be included in Class Notes?
Use the enclosed form and fax it to 612-624-6374, or mail your news items and photos in the envelope provided. You also can contact Jen Gelbmann, director of Alumni Services & Outreach, at 612-626-9486, jgelbmann@csom.umn.edu.

Peak Performer

Jay Elstad, ’89 BFB, has scaled new heights as part of a recent awareness campaign by the Minnesota Society of Certified Public Accountants (MNCPA). Elstad, who is both an accomplished mountain climber and an audit manager with Boyum & Barenscheer PLLP, Bloomington, Minn., is featured on a MNCPA poster noting that “CPAs aren’t all business.” The catch: The photo shows him atop Mr. McKinley in Alaska, at the peak of a three-week-long climbing trip. According to Elstad, who is active in a variety of MNCPA programs, the goal of the poster is to boost the image of the accounting field and help erase old stereotypes about CPAs.
A specialist in international labor market analysis and human resource management, Carlson School professor Mahmood Zaidi has taken home some significant honors of late. He recently was named a distinguished fellow of the North American Economics and Finance Association (NAEFA), and recently received the Lifetime Achievement Award from the Graduate School of Business Administration in Zurich, Switzerland. He has worked at the University of Minnesota since 1966.

Carlson School: How does it feel to be one of only two distinguished fellows honored by NAEFA?

Mahmood Zaidi: NAEFA doesn’t choose fellows every year. In fact, they deliberated for three years before making these awards, so the recognition is humbling. Plus, it’s an award from my peer group, which makes me very proud. The other recipient, also a professor, happened to have won a Nobel Prize in Economics. I told him, “I’m only too happy to walk in your shadow.”

CS: As a specialist in labor markets, what do you see as the future of employment for economists?

MZ: There’s an old story about Harry Truman, I think, and the time he asked some economists for advice. They said, “Well, on the one hand, you’ll get X—but on the other hand, you’ll get Y.” The President reportedly replied, “Maybe next time I’ll ask for a one-handed economist.”

But economists are now involved in all aspects of business—banking, manufacturing, health care, agriculture. The value of economics has increased significantly over time.

CS: What spurred your interest in labor markets and human resources management?

MZ: My interest in labor market analysis emerged during graduate studies at the University of California-Berkeley. I became interested in the impact of various legal, economic, and social policies on the world of work, both nationally and internationally. I wanted to see if minimum wage laws or anti-discrimination policies or unemployment compensation have a positive or negative economic impact on the growth and development of the country. I also wanted to see what kind of impact trade policies have on workers’ employment and income. I was fortunate to get a Ford Foundation fellowship to work my dissertation. At the time there was a great interest in the unemployment vs. inflation tradeoff—there was a feeling that if you reduced unemployment below a certain level you would only increase inflation. Economists still debate this question today.

CS: What’s satisfying about working at the Carlson School?

MZ: You learn a lot from your students and a lot from your colleagues.

CS: What’s the future of labor?

MZ: Today’s labor services can basically be rented. New York’s banking industry can send all its computations overnight to Bombay or Ireland or someplace else and the next morning all the work is done and waiting on their desks. Nobody moves, the work gets done. We have tended to think of labor only in terms of bodies in a particular place, but we should think of it in terms of services. This trend of outsourcing labor service will only increase and become more global as the need for skilled workers grows throughout the world.

—Joel Hoekstra
Eddy Hall
This East Bank fixture was home to the University of Minnesota’s School of Business and the School of Business Administration from the school’s founding in 1919 until 1938. One of 13 University buildings on the National Historic Register, it is currently used by University Counseling and Consulting.
Event Calendar

**FIRST TUESDAY**
May 6—Bill Zollars, ’69 B.A., president and CEO, Yellow Corp.; *Holiday Inn Metrodome, Minneapolis* (*Please note location change*), 11:30 a.m. to 1 p.m.
June 3—Robert Bruininks, president, University of Minnesota; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.
July 1—Nazie Eftekhari, ’79 MHA, CEO, HealthEZ; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.
August 5—Brian Peters, president and CEO, RBC Dain Rauscher; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.
September 2—Jeff Noddle, chairman/president/CEO, SUPERVALU Inc.; Radisson Hotel Metrodome, 11:30 a.m. to 1 p.m.
October 7—Marilyn Carlson Nelson, chairman/president/CEO, Carlson Companies Inc.; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.
November 4—Jim McNerney, chairman and CEO, 3M; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.
December 2—William Van Dyke, ’76 MBA, chairman/president/CEO, Donaldson Co. Inc.; Radisson Hotel Metrodome, Minneapolis, 11:30 a.m. to 1 p.m.

**FIRST FRIDAY—MBA ALUMNI AND STUDENT NETWORKING HAPPY HOUR**
May 2—Gameworks, Downtown Minneapolis, 5:30 to 7:30 p.m.
August 1—Boat Cruise, Hudson, Wis.
September 5—Town Hall Brewery, 1430 Washington Ave., Minneapolis, 5:30 to 7:30 p.m.
October 3—Gastof zur Gemütlichkeit, 2300 University Ave. N.E., Minneapolis
For more information on First Friday events, call 612-625-8308, or e-mail: lgieseking@csom.umn.edu.

**COMMENCEMENT**
May 18—Ceremony: 6 to 8 p.m., Northrop Auditorium. Commencement speaker: Eugene Sit, Sit Investment Associates Inc., Minneapolis. Reception: Carlson School of Management Atrium, 8 to 10 p.m. Hosted by the Alumni Advisory Board.

**CARLSON SCHOOL DAY AT THE RACES**
August 22—Canterbury Park, Shakopee, 6 to 9 p.m.

**“BUILDING A CARLSON SCHOOL COMMUNITY”—A TWIN CITIES EVENT FOR ALUMNI AND FRIENDS**
June 4—5:30 to 7:30 p.m. Hosted by Dean Lawrence M. Benveniste. Invitations to follow. For more information, call 612-625-8308, e-mail: lgieseking@csom.umn.edu.

**UNIVERSITY OF MINNESOTA ALUMNI ASSOCIATION 99TH ANNUAL CELEBRATION**
May 29—5:30 to 9 p.m., Coffman Memorial Union. Headline speaker: Harvey Mackay, ’54 B.A., chairman, Mackay Envelope Co., Minneapolis. For more information, call 612-625-9180; e-mail: hamil038@umn.edu