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people, events, techniques

Survey Indicates Large Companies Are More Generous in Pension Plans, Stock Options Than Smaller Firms

Effective devices being used to offset the tax bite on executive compensation include deferred compensation, stock options, company cars, club memberships, and tax-sheltered annuities, reported the panel of the 1969-70 Personnel Policies Forum of The Bureau of National Affairs.

Top personnel officials from 100 different companies throughout the country were selected by the editors of the bureau to outline the policies and procedures of their firms. The survey refers to companies with 1,000 or fewer employees as "smaller" companies, while "larger" refers to those with more than 1,000.

In another part of the report, the

panel said that the top accounting executive in 46 per cent of their firms had the word "comptroller" of "controller" in his title. In 43 per cent of the firms he was called "vice president and comptroller" and in 36 per cent of the firms he was designated only as "vice president." In 9 per cent of the firms the title of "treasurer" or "secretary-treasurer" was assigned to him.

Differential salaries

Top accounting executives in smaller companies are paid between \$16,000 and \$20,900, according to the panel. In larger firms the top men most frequently re-

ceive from \$21,000 to \$25,000. Only 7 per cent of the smaller firms paid their top accounting executive over \$35,000 a year, while 29 per cent of the larger companies gave salaries above this amount.

The lowest accounting executive in 60 per cent of the firms is called "accounting supervisor" or "director." Other titles used include "chief accountant," "assistant comptroller," and "plant accountant." According to the panel, in close to two-thirds of all companies the lowest-paid accounting executive earns from \$11,000 to \$15,900. Seventeen per cent have salaries between \$9,000 and \$10,900.

Larger companies pay their top policy-making executive, in 65 per

cent of the Management Services Magazine of Profit, Systems, and Control, Vol. 7 [1970] No. 4, Oct. 2, from \$25,000 to \$250,000. Twenty-eight per cent of these larger firms pay the top policy-maker over \$80,000. Smaller firms pay their top men from \$15,000 to \$100,000. Only 3 per cent of the smaller firms pay the top man over \$80,000.

Pension contribution rates

Eighty-nine per cent of the companies represented on the forum had pension plans covering their executives. Pensions in almost three-fourths of the companies were determined by a percentage of salary, usually final or highest five years', times the years of service in the plan. In a majority of firms where a contributory pension plan is in use executives pay rates from 2 to 5 per cent.

At retirement executives receive from 50 to 55 per cent of their total annual compensation in 24 per cent of the larger firms and in 19 per cent of the smaller ones. In 24 per cent of the smaller companies the executives receive only 10 to 15 per cent of their total compensation, while none of the larger companies has as low a rate.

Several panel members said that the trend in executive compensation should be toward more individual tailoring of benefits.

"We are beginning to move away from the formal fairly rigid approach to executive compensation," said the vice president in charge of industrial relations for a northern printing company, a panel member. "We realize that compensation needs—and the form compensation takes—are an individual matter, with great differences among men based on age, children, financial commitments, and personal preferences. Although we have not yet devised a workable 'cafeteria style' of compensation, we are attempting to be more responsive to the particular needs and desires of executives in this area."

Stock option plans are offered to executives in three-fourths of the larger companies but only one-fourth of the smaller ones on the

36 per cent of the panel members' firms. Twenty-three per cent of the represented firms offer their executives deferred compensation. Almost all the companies, 95 per cent, pay the moving expenses of transferred executives and in one case executives are paid at a rate of 135 per cent of their moving costs.

Confusion Over Processes Hampers Business, Accounting Group Told

In the last ten years management science and accounting have not worked together productively because many practitioners fail to distinguish between "process" and "system."

So says John W. Buckley, chairman, accounting-information systems at the University of California's Graduate School of Business Administration, Los Angeles.

Professor Buckley's remarks were part of a panel session on "Challenges in Accounting in the 1970's." The panel was included in a one-day conference on "Financial Management for the 1970's" held by the National Industrial Conference Board in Los Angeles April 29.

According to Professor Buckley, the term "process" refers to methodology or activity, and the term "systems" refers to the resources that enable a process to take place.

Both are needed

"To make efficiency judgments we need both systems and process data," he said. "We have taken great pains to scientificate our systems technology, but the price is an abysmal lack of formal know-how as to the definition and functioning of processes."

He continued, "Our demand for systems data is conspicuously not utilitarian. We all have more data than we can handle, yet we grip

each little bit, because somewhere along the line the correlation between information and power has been drummed into us.

"The fact is that we are being progressively buried in an avalanche of systems data, figures, and facts, much of which would prove to be useless if we understood the processes at work," Professor Buckley said.

He believes that process and system begin to be confused right at the earliest levels of education, "where rote learning is used in lieu of thinking."

Professor Buckley says, "The traditional accounting curriculum is particularly devoid of thinking as to processes. Hand-me-down tools and techniques are the stock in trade. Likewise, the tax course is a recitation of the Internal Revenue Code, while the business law course recites the Uniform Commercial Code."

It is not only the accountant's fault that management science has not been put to good use, according to Professor Buckley. "In many respects the management scientist's bag of tricks is as unsatisfactory as the accountant's; and because of its preferred contemporary veneer, it presents the greater present danger," he said. He believes some of the basic assumptions of management science should be tested more stringently as to their validity.

Professor Buckley said both accounting and management science should move in the direction of understanding processes and problems. The student should be given a program that stresses both processes and systems.

"If students are geared toward thinking about processes, they will not be so readily outdated as changes in technology occur," Professor Buckley said. "One can always find a technician to work things out if one can identify the problem."

Other members of the panel were Dudley E. Browne, senior vice president of Lockheed Aircraft Corporation, William C. An-

tall, Ernst & Ernst partner, and Grant U. Meyers, chairman and chief executive officer of Oil City Iron Works, Inc., and president of the National Association of Accountants.

Mr. Meyers said, "The greatest problem faced by the management accountant is the need to interpret and communicate. He must communicate at the lower echelons in order to get the proper data for processing. He must interpret if the data are to become meaningful to management. And he must communicate effectively to top management if his information is to be accepted and utilized in decisions."

"As a staff member, he must be able to present the alternatives to management and stand ready to make recommendations and to defend them," Mr. Meyers said. "This is all part of the communication process. It is part of the new accounting discipline which may be most difficult for the practitioner."

'No Problem' Syndrome Major Marketing Problem, Consultant Reports

If you were given \$25,000 to spend for the services of an outside specialist, what specific marketing problem would you want him to solve to give you the greatest return on your investment? Burr W. Hupp, director of Drake Sheahan/Stewart Dougall, Inc., New York, put this question to a number of top business executives.

The management consultant found ten problem areas most often cited: the "no problem" syndrome, customer service, sales forecasting, planning and evaluation of advertising, incentive systems and motivation, competition, market sensitivity, channels of distribution, new products, and the customer of the future.

The only one of these problems that Mr. Hupp feels is chronic is the "no problem" syndrome, the

inability of a company to define its own marketing problems or sometimes even to recognize that any problems exist. Mr. Hupp says, "Like the common cold which cannot be cured unless pneumonia develops, perhaps the company with the no-problem syndrome must wait until its problems become catastrophes."

The executives who felt their firm's most critical shortcomings lay in the customer service areas of physical distribution stressed the need for shortened order-cycle time and improved product availability through more efficient physical distribution.

Stronger incentives needed

Many felt a need for a sophisticated incentive system to keep the new breed of salesmen on the job and performing at peak capacity. "After all," Mr. Hupp writes, "the job is more demanding, often frustrating, and without the degree of independence which in the past was a major compensation—and today's skilled salesman finds no shortage of job offers from competitors."

How future markets will be affected by leisure time, discretionary dollars, transportation, labor costs, housing, and imports also are critical questions for some executives, Mr. Hupp reports.

GE Offers Two Of Its Forecasting Services to Public

Two new financial and market planning aids are being offered by General Electric. The new services, which grew out of GE's own forecasting needs, are MAP, a remote access computer data base for strategic planning, and MAPCAST, a quarterly review of economic prospects coupled with telephone consultations with GE economists.

MAP (management analysis projection system) contains several

data bases with quarterly and annual information on the national economy, individual industries, and the top 1,000 corporations, going back as far as 1947. Programs supplied with MAP allow the user to manipulate, analyze, and forecast from the data. The user can also create his own data base. MAP subscribers use a desk-side time sharing terminal. The programs are put into operation with English commands.

"Effective decision making comes from ascertaining the potential risk, as well as the reward—risk based on before-the-decision estimates of what might happen in the future," said R. W. Newman, manager of GE's Planning Services Operation. "For example, in deciding how large to build a new plant, the businessman needs information on expected sales, and on how high and low they might be: high, since he may not want to turn away prospective customers; low so he has a warning of potential inadequate profitability."

To demonstrate MAP's capabilities for a press conference the system predicted the future of the publications industry as affected by U.S. involvement in Cambodia.

Mr. Newman said MAP provides the businessman with information about the economic environment in which business will exist over two years and over ten years as well as forecasts for specific markets, specific segments of specific portions of the business, and portions of the economy.

The MAP service is offered by GE's Corporate Planning Office, New York, to businesses in the northeast. Charges range from a monthly minimum of \$200 to amounts of more than \$2,000 depending on use.

MAPCAST, at an annual fee of \$375, is expected to reach a larger number of businessmen, said Mr. Newman. It is based on outputs of the MAP system and is essentially the service provided to GE managers.

The service includes subscription to the *Quarterly Review of Eco-*

conomic Prospects, a detailed forecast of how specific sectors of the economy will fare over the next two years. Once a year there will be a ten-year forecast. Each issue will be from 35 to 50 pages long.

"These are business-oriented forecasts which are provided in a form useful to the average businessman," Mr. Newman explained. "For example, the forecasts are based on our best assessment of what actions people directing the economy are going to take. The result is a benchmark forecast, our reasoned opinion of what events are most likely to happen."

AICPA MAS Committee Urges Institute Membership For Non-CPA Management Services Specialists

Non-CPA specialists in management advisory services should be offered full accreditation and membership by the American Institute of Certified Public Accountants, three members of the Institute's committee on management advisory services told the annual spring meeting of the Council of the AICPA.

Management advisory services is a fast-growing sector of the accounting profession and a contributor to its prestige, Joseph E. Carrico, an MAS committee member, told the Council. The committee found that 20 per cent of the total professional staff of some Institute member firms are now engaged in full-time management advisory work. Yet, Mr. Carrico pointed out, few firms with a full-time MAS staff have more than 35 per cent CPAs on it, according to committee estimates.

There are two reasons for this low percentage of CPAs, Mr. Carrico said. One is the lack of accounting majors to staff the firms. More and more M.B.A.'s with economics or engineering undergraduate degrees are being employed by the accounting firms, he said.

Second, "Systems design and implementation, for example, frequently demand a very high degree of technical knowledge in

Newsletters will be issued to fill the gap between the quarterly forecasts. MAPCAST will also provide subscribers with instruction in the business use of economic information and forecasting techniques.

Telephone consultations with GE economists will be available to subscribers four times annually, when the quarterlies are issued. Plans are being made to add a user seminar to the MAPCAST package later in the year.

MAPCAST is being sold as a mail order service by GE's Patent and Technology Marketing Operation, Schenectady, N.Y.

computer applications, both in software and in the hardware area," Mr. Carrico said. "Traditional accounting skills that most of us learned in school may not alone be adequate to the management services engagement objectives."

He pointed out, "The number of CPAs who have adequate competence in all, or a substantial portion, of these areas simply is not sufficient to meet the needs of our clients." Consequently, the accounting firms are turning to operations researchers, computer technicians, industrial engineers, and other specialists to work with the CPAs, Mr. Carrico explained.

The outside specialists are not as aware of the standards and ethics of the accounting profession as their CPA colleagues, Mr. Carrico said. They are also given no accreditation in their new field.

C. Craig Bradley, another MAS committee member, cited a typical case of a non-CPA specialist who felt he did not fit into the accounting firm structure because he could only be an employee, never a partner. Because of this, some non-CPA consultants feel "dead-ended" in accounting firms, he said.

"The smaller independent firm must be given the opportunity to go into the market place and en-


gage the talent necessary for coverage in this area and be able to offer the people they need something other than just dollars and cents," Mr. Bradley said. It is more economical for these firms to employ outside specialists than to train audit-oriented CPAs in hopes that they will become capable business problem solvers, he said.

Committee Chairman Jordan L. Golding reported to the Council that members of the committee on MAS "unanimously rejected the concept of associate membership." Although some state CPA societies have this associate status, the committee feels "associate membership per se and alone answers no questions and still creates . . . second-class citizenship."

On the basis of the MAS committee's previous recommendations, a special committee looking into accreditation was established in March headed by Ralph Lewis. (See M/S, May-June '70, p. 11.)

Mr. Golding told the May Council meeting his committee believes

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
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a testing procedure should be set up. It suggests the new accreditation committee should include four topics in the certifying exam.

First, he told the Council, the specialist should have some appreciation of his firm's auditing activities, even if he does not know how to do them. He should know what the attest function means.

Secondly, the specialist should be tested on the ethics of the accounting profession. This understanding will help him to work with his audit partners, Mr. Golding said.

A third area the test should include is the accounting theory of the existing certifying exam. Mr. Golding called it "the pivot part of the exam" and said it would give the specialist some common ground with CPAs.

Finally, elements of management advisory services work should be tested, including the MAS committee's standards and guidelines and possibly a limited number of specialized subjects in the field.

If the non-CPA "passes this examination, he will understand the environment he is supposed to be working in," Mr. Golding said. The greatest benefit of accreditation would not be to the non-CPA specialist, he said. "The greatest benefit would be to the CPA profession and to the CPAs now in the profession." The image of the accountants' consulting practice "would be enhanced within the business and financial community," he said.

He pointed out that the AICPA encourages its members to engage in management services if they are qualified. "Many of the skills expected by our clients are better served by people who are now non-CPAs," Mr. Golding said. "We feel if we are to perform these functions the specialists should have the opportunity for accreditation and membership in the AICPA. . . . We suggest that the future is here. The action is required now," Chairman Golding concluded.

Earlier in the meeting, the Council adopted a resolution designat-

ing the committee on management advisory services as a senior committee.

Following the Council action and in recognition of the "increasing importance of the management advisory services in the practice of public accounting and the contribution of the Institute's committee in this area," management services activities at the Institute were organized as a separate division, rather than a part of the Technical Services Division as they had been previously.

Edmund S. Boe, who was formerly manager, special projects, in the AICPA Technical Services Division, has been appointed director of the new division.

Xerox Sues IBM Over Alleged Patent Infringement

IBM's recent entry into the office copier field has elicited patent infringement charges from the Xerox Corporation.

Xerox filed suit against IBM in the U.S. District Court for the Southern District of New York. The complaint seeks damages for the infringement of 22 Xerox patents and an injunction against the marketing of the new IBM Copier.

IBM has said the suit is "without merit" and that it is prepared to "vigorously defend" its position. Delivery of the copiers is already in progress.

Dispute has long history

According to Xerox, in 1968 and again in 1970 IBM requested a license under Xerox patents to make and sell xerographic copiers similar to the new copier. Xerox refused both requests.

IBM computer equipment uses xerography through a license under the Xerox patents. Xerox claims that the confidential data, know-how, and trade secret information

they gave IBM under this license is now being employed in the new copier, contrary to the terms of the licensing agreement.

The IBM Copier uses plain bond paper in either letter or legal size. Its toner is contained in a cartridge that holds enough fluid to last for a full month of copy production, IBM says. Rental price is \$200 per month plus 2.3 cents per copy. Purchase price is \$19,200.

Xerox has also introduced a new office copier, which will copy automatically on two sides of a sheet, the Xerox 4000. It produces 45 copies per minute and is responsive to all colors. Some analysts feel Xerox's work on this copier was intensified when IBM entered the field, on April 21. Xerox has not yet announced prices for the 4000. Deliveries are expected in early 1971.

Another new Xerox product is the 400 facsimile transceiver. It uses normal telephone lines to send and receive four letter-size pages a minute. Deliveries are expected in late summer of this year.

Honeywell, GE Join Computer Forces; Now Second Manufacturer

Two major EDP manufacturers have merged their computer operations, creating the second largest computer company in the world. The new company, a subsidiary of Honeywell Inc., will be the product of a union of General Electric's business computer equipment interests and the Honeywell computer operations.

On the basis of 1969 figures, the merger will give the new company 8.7 per cent of the U.S. computer market, putting it second to IBM with its giant 70 per cent.

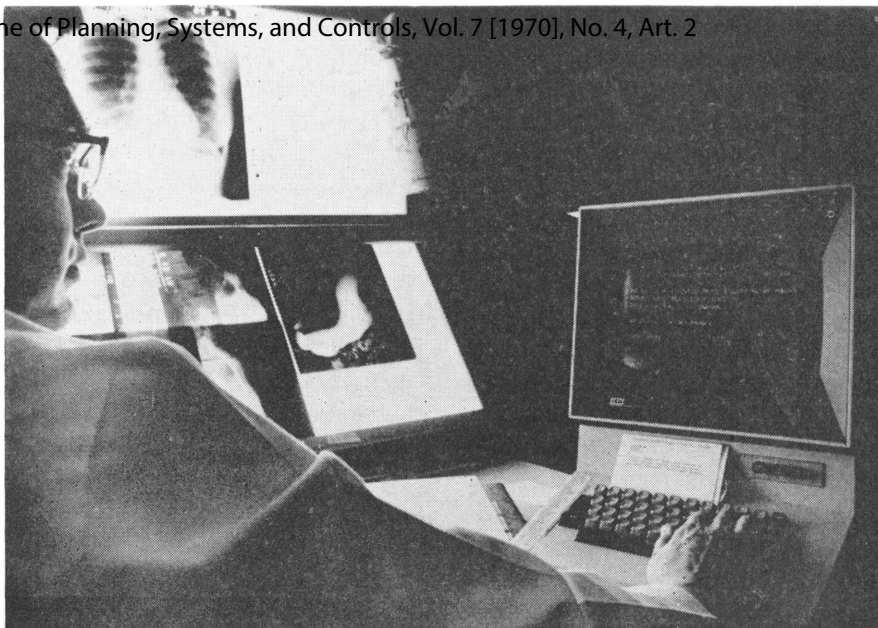
One of the advantages of the merger, according to Honeywell Board Chairman James H. Binger, is that "Honeywell broadens its product lines substantially since

General Electric has extensive product offerings both larger and smaller than those of Honeywell."

Also, Mr. Binger said, "General Electric's and Bull-GE's strong market position on the European continent complement Honeywell's strong position in the United Kingdom."

Honeywell will own 81½ per cent of the subsidiary, and GE will hold 18½ per cent. The new company will continue development of both product lines and the support of both companies' customers, Mr. Binger said.

Although General Electric's overseas computer operations were profitable in 1969, estimates of the company's total losses in the computer business since its entrance into the field in 1965 range from \$200,000,000 to more than \$400,000,000.



Communications—visual as well as verbal—continue to steal the show in new automation technology. Shown is a radiologist in one of eleven Midwestern hospitals served by McDonnell Automation Company's new health care service. The X-ray, itself transmitted by television, is analyzed by the radiologist, and then his findings are transmitted to the McDonnell central computer complex in Peoria, Illinois.

Discrimination Hampering Minority Groups in Franchising Operations Despite Some Successful Ventures, Teacher Charges

Discrimination is locking minority groups out of franchise management, Professor Philip Harris of the management department of Bernard M. Baruch College, City University of New York, charged at a recent conference sponsored by the department.

Citing figures prepared by Secretary of Commerce Maurice H. Stans, Professor Harris said that out of 27,486 automobile dealerships in this country only ten were owned by blacks. Of the 250,000 service station franchises in the United States only 5.5 per cent are owned by minority group members.

Professor Harris also pointed to a statistical survey undertaken by Boston College which found that among 16,000 fast food franchisers in six categories of restaurants only 136 were Negroes or Spanish Americans, about 0.5 per cent of the total. However, the study pointed out, 7 per cent of Chicken Delight's franchise owners are minority group members. Professor

Harris concluded from this figure that if "this one franchiser can find qualified applicants, surely others can be as successful."

'Social responsibility'

"The literature of management contains much on the concept of the social responsibility of business," Professor Harris said. "Innumerable examples can be cited of corporate leaders giving their time and other resources to causes of substance. . . . the benefit for their organizations most often is intangible." Professor Harris urged "the franchising companies to demonstrate social responsibility for the most tangible benefit of all—profits."

Some franchisers, Professor Harris said, look for such qualifications in their franchisees as ownership of a home valued at more than \$20,000, having life insurance policies of at least \$25,000, and previous business management experience.

Franchisors believe a potential franchisee must have similar characteristics to increase the probability of his success. These standards contain built-in subtle discrimination, Professor Harris maintained.

Instead, Professor Harris suggested that psychological tests of a person's motivations and potential should be used by the franchisers for screening.

He also suggested that the financial requirements for franchising be revised to aid the otherwise qualified candidate. "In other words," Mr. Harris said, "a special fund should be set up by the franchiser with the goal of bringing on board minority franchisees (and not in token numbers). This combines business expansion with equal opportunity."

Would such preferential treatment be legal? Professor Harris pointed out that the Federal government had set a precedent by giving tax dollars to the Model Cit-

ies rebuilding program and rapid write-offs to defense industries.

"We are told," Professor Harris concluded, "it is a blessing to extend a helping hand to the less fortunate. The case of equal opportunity in franchising, however, addresses itself to a totally different matter, that of allowing others the inalienable right to seek financial security through self-employment."

Supervisor Bias Is Major Block in Hiring Disadvantaged, NICB Told

Supervisors and co-workers can defeat even the most intensive company programs to employ the disadvantaged, a recent National Industrial Conference Board study found.

One counselor in a program for the disadvantaged run by a major bank told the NICB, "We are training our unemployables to survive on the job in spite of the supervisors' prejudices and lack of interest. That may sound terrible in conventional management terms, but that's what we try to do."

The NICB studied the experiences of 100 companies employing the hard core. It found, "Trainee-supervisor clashes are cited as a major reason for the failure of company programs."

One example, cited in the study, was that of a young man who walked off his job after being hazed by his supervisor and told by an all-white work group that his virility would be sapped by the fumes of the pickling vat he was working at. In another case a man quit after being sent several times for tools that did not exist. The supervisor maintained that this was the usual hazing given any newcomer.

Increasing emphasis is being put on programs to sensitize supervisors to the needs of the disadvantaged, the NICB reports. Manage-

ment skills needed to supervise all employees more effectively are also being stressed.

The NICB study reports that executives now have a new perspective on staffing their organizations. Employees are being offered help with such basics as writing, reading, and oral skills. Many companies offer special orientations to the factory and office environments. Company programs are being tailored to meet the special needs of all employees, the study says.

One executive told the NICB that in the past, "We hired the disadvantaged as though they were so many Cinderellas who only needed invitations to the ball. We forgot that even Cinderella had a fairy godmother to get her dressed on time and onto the right bus."

International MIS Programs Still Rare, Diebold Group Reports

Multinational management information systems are still scarce, according to a study of the management of the computer in international companies that was conducted by the Diebold Research Program. The study's findings were presented to a recent meeting of more than 200 executives representing corporations which support the Diebold program.

The Diebold Research Program is an industry-sponsored study of the effects of changes in management and information systems on today's decisions and planning. It is conducted by the staff of The Diebold Group, Inc., an international management consulting firm.

The researchers found two major reasons for the delay in the development of international management information systems: the deterring economics of international telecommunications and the lack of integration of management control systems in international companies.

Only one of the 25 major U.S. and European corporations studied by the researchers was found to have a system which approximated a truly multinational information system. Two-thirds of the companies studied have international systems which involve telecommunications networks on the operational level. Management information systems are used on a regional basis in 20 per cent of the studied companies.

The planning function, particularly operational planning, was selected by the researchers as the most promising area for the use of a multinational information system. They report, "Combining up-to-date marketing information with internal subsidiary data gives the multinational corporation a flexibility presently still lacking in organizations with some central control of resources."

Although telecommunications facilities are not available in parts of Europe, the Diebold researchers point out that international systems such as Telex, DATEL, and private leased lines can be installed.

Multinational corporations can make the best use of their EDP expertise, the study says, if they allocate their resources internationally. This will cut the cost of expensive mistakes and of unnecessary duplication of effort.

The Diebold study outlines several ways of transferring EDP applications: The knowledge can be transferred by an emissary from the parent organization or from the subsidiary. A flexible time sharing system could be used. An outside organization could be called in to modify an existing system to fit the subsidiary's needs. Or several users requiring similar applications could share the cost of developing a common system.

"Transferring applications is always difficult and hardly profitable at first," the study says, "but with the evolution of communications, local managerial receptiveness, and common standards, the benefits become greater and greater."

Certification and Code of Ethics

A national certification program for computer personnel and a code of ethics and public responsibility for the EDP field were recommended in a report presented by the American Federation of Information Processing Societies to the Spring Joint Computer Conference.

AFIPS is a federation of twelve national societies active in the information processing field. The American Institute of CPAs is an affiliate of the organization.

The report was based on an AFIPS-sponsored two-day meeting on professionalism. The interdisciplinary group that met was presided over by Willard Wirtz, former Secretary of Labor.

Recommendations made by the group were: (1) the development of standard proficiency tests covering positions in the computer field, (2) the development of universal job descriptions to serve as the basis for such tests, (3) increased efforts in the area of accreditation of private EDP schools, (4) statistical research on the employment situation in the computer field, and (5) broad information programs directed to the general public and user groups directly involved with computers and computer-related services.

Dr. Richard I. Tanaka, AFIPS president, told the conference that his group will undertake a preliminary study to define "provisions of such a code, possible methods of enforcement, and any additional activities or services needed to assist in implementation of the code and to protect the public interest."

Also AFIPS is investigating the feasibility of developing a series of standard tests to measure the proficiency of people in various EDP posts, Dr. Tanaka said.

"As a first step," Dr. Tanaka said, "consideration will be given

to development of 'universal' job descriptions and requirements. Such descriptions will be developed through close cooperation with representative organizations in the computing field and will be flexible so that individual organizations can amplify or modify the basic documents in keeping with their own specific requirements."

Dr. Tanaka reported the group was unanimous in its recommendation that a system be established for accreditation of private EDP schools.

Consumer Interests: Key To Successful Investing in '70s?

Basing portfolio investment decisions on relative values with realistic comparative analysis and expectations of appreciation may make investment more rewarding in 1970 than it has been in the past several years, says Walter P. Stern, a partner and director of research for Burnham and Company, New York, an investment banking and stock brokerage firm.

"Speculative investing by 'market players' is by no means a thing of the past," Mr. Stern said. "However, in the next several years pure tape-watching and concept-buying in such high-growth fields as the computer peripheral field, CATV, health care, modular homes, pollution control, and land development may not prove rewarding: The analyst or portfolio manager must understand the long-neglected areas of accounting and balance sheets as well as the environment surrounding the country."

Mr. Stern suggests the sensible portfolio strategy for the next several years includes five major components: participation in the structural change in GNP; participation in the socio-economic change of the 1970's; investing in "slow growers" or interest-rate-

sensitive companies; participation in international markets; participation in depressed cyclicals.

America, Mr. Burnham says, is moving into a period in which the predominant political thesis will be "consumerism" and the financial community will turn its attention to ecology and "the quality of life."

Computers Not Used To Capacity, Canadian Officials Warned

Representatives of Canadian municipal governments gathered in Toronto this spring for a two-day symposium aimed at better understanding of data processing systems. The symposium was sponsored by the Canadian Federation of Mayors and Municipalities.

Vincent R. Grillo, vice president of program development for Computer Sciences Corporation, Los Angeles, told the Canadian administrators that computer users in government and industry are "filling their computers with pedestrian applications that waste the machines' capabilities." Their systems fail to utilize the computer's capabilities for communication and for the rapid retrieval of data stored in large random access devices, he said.

Mr. Grillo said true third generation systems are based on a thorough analysis of the critical information needed by management for decision making, the timing and sources of this information, and the sequence in which the information is needed in the decision process. Third generation systems "aren't created by simply automating manual methods and punched card systems," he said.

Network time sharing not only brings large-scale computer systems to organizations that could not otherwise afford them but also saves management the wasteful development of redundant solutions to common problems, Mr. Grillo said.