

# FUQUA

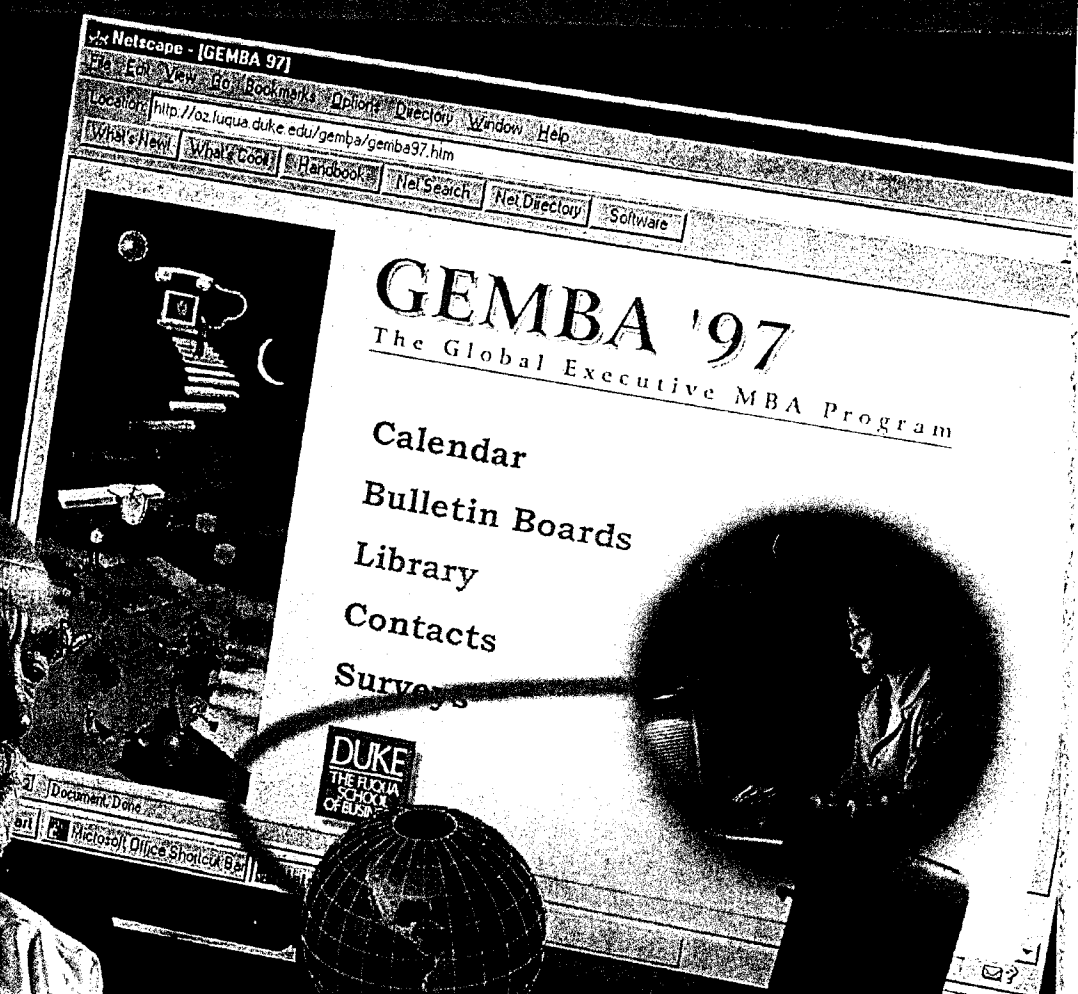
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ALUMNI MAGAZINE

## Man on the move

catching up with  
Professor Richard Staelin



**DUKE**  
THE FUQUA  
SCHOOL  
OF BUSINESS



*Professors Michael Bradley and Campbell Harvey*

## Taking the **Pulse** of the Economy

*Two Fuqua professors want to raise the School's profile and attract the attention of policy makers with a new economic gauge.*

### What is Alan Greenspan reading these days?

In the obscure but hotly competitive world of polls that track the economy, there's a constant battle for the attention of policy makers such as Greenspan, the chairman of the Federal Reserve Board. Two professors from Duke's Fuqua School of Business are entering the fray with three new indexes based on a survey of chief financial officers.

**Campbell Harvey** and **Michael Bradley**, working with the Washington-based Financial Executives Institute, issued the results of the first Corporate Business Outlook Survey this July, and will repeat it each quarter. The poll seeks to gauge the future direction of the economy by asking questions about projected business spending, hiring and financial figures, among other topics.

The goal is to supply information on the future of the economy to important government officials, market experts and key business executives. With such influential readers, the survey could raise the profile and the importance of Fuqua, which is fighting to improve its standing among the nation's top business schools.

"The competition for faculty as well as students is fierce," Bradley says. "Any way we can get our name in front of potential students, potential employers and potential faculty will make our way easier in our attempt to break into the top five business schools."

But with hundreds of indicators registering every time the economy sneezes, Fuqua's survey will have to fight for press coverage and attention.

"What they're trying to do is find an untapped area and mine it, and we will have to see if they've discovered the

By **Anna Mathews**

mother lode or if they've just found a few pieces," says Robert G. Dederick, economic consultant at Chicago-based Northern Trust Co. "I would say that the odds are that it will be very difficult for this to break through."

Michael K. Evans, a professor at Northwestern University's Kellogg School of Management, who heads a survey of inventory and production managers, says each of the hundreds of indicators needs a gimmick or selling point to gain attention in the crowded field.

"I don't want to shoot down their index," he says. But "there are indexes that have been out there 10 or 15 years that no one has ever heard of. ...Everyone wants Greenspan to look at his index."

Harvey and Bradley argue that their poll is unique, and will provide a partic-

**"The poll seeks to gauge the future direction of the economy by asking questions about projected business spending, hiring and financial figures."**

ularly clear picture of economic trends, partly because it asks about future plans.

"You're not surveying Wall Street pundits," Harvey says. "These people are the insiders of the corporations."

But economists say that there are other, better-established surveys that track similar information. Dun & Bradstreet Corp., a business information firm, polls businesses quarterly. The National Federation of Independent Business, temporary-labor firm Manpower Inc., and the National Association of Purchasing Managers have polls intended to show the state of the economy, and the U.S. Labor and Commerce departments release widely watched statistics about employment and industrial production, though they are not forward-looking.

The new Fuqua poll is "not something I've been sitting here saying to myself, I wish I had that," says William A. Brown, chief economist at J.P. Morgan and Co. But, he adds, "every little bit of information is useful."

Even if there is a market for it, it will take time for the survey to garner any notice. Press coverage generally follows dramatic rises and falls in economic indicators, and the Fuqua survey's lonely graphic dots, from the one poll so far, were expected to generate little interest.

"It will take some time before people follow it carefully," says Mark Zandi, chief economist at Regional Financial Associates, an economic consulting firm in West Chester, Pa. "It has to establish a track record...They've got a long way to go."

The Fuqua survey findings released last month were the result of about a year of planning, which began in earnest

with a coffee-soaked, crowded brainstorming session of finance professors in Bradley's office last September.

After the group hashed out the broad areas on which the survey would focus, Bradley and Harvey came up with specific queries. They met with focus groups of business executives and Duke colleagues for advice. Those included then-Fuqua Dean Thomas Keller, whose participation indicated the importance of the project to the School.

The questionnaire went out to about 2,700 randomly selected members of the Financial Executives Institute in late June, and 627 faxed back anonymous replies to a confidential data-gathering firm.

Like most other polls that attempted to take the economy's pulse this summer, the Fuqua professors found cause for optimism. They compile three indexes: the Business Strength Index (questions about projected earnings, dividends, capital investment, employment, merger and acquisition activity and research and development spending); the Business Financing Index (projected debt load and number of shares outstanding); and the Market Valuation Index (whether Wall Street currently over- or under-values the executive's company's stock).

Based on all three measures, Harvey and Bradley predict a continued healthy economy.

"It's robust, it's very good, but it's not overheating," Harvey says.

Did you hear that, Mr. Greenspan?



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### *Honored*

**Professor Michael Bradley was named as the winner of the 1996 NationsBank Faculty Award, presented during the Board of Visitors' fall meetings.**

**Bradley, shown above with board member Anne-Lee Verville and Dean Rex D. Adams, holds the F.M. Kirby Professorship in Investment Banking. One of the world's leading scholars in corporate finance and corporate law, he earned his doctorate from the University of Chicago. He joined the Fuqua faculty at the start of the 1995-96 academic year from a chaired professorship at the University of Michigan, earning Teacher of the Year honors from the MBA Class of '96 in his first year.**

**NationsBank established the faculty award in 1986. It is presented annually to a faculty member for sustained academic achievement, teaching excellence and service to the Fuqua community. Other nominees for the 1996 award were Professors David A. Hsieh, Arie Y. Lewin and Richard Staelin, a previous recipient.**