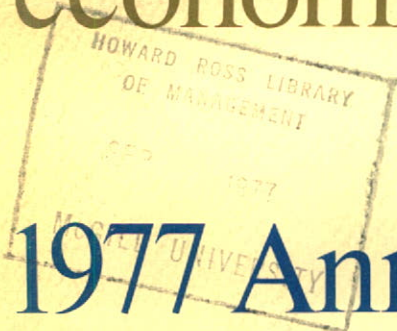


The Conference Board, Inc. ^c

is an organization which, through development and dissemination of objective information, seeks to improve the quality and effectiveness of business leadership in serving the various publics to which it is accountable and to create broader understanding of business and economic activity.



1977 Annual Report

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The photographic montages depict, on alternating pages, activities of Associate companies around the world, and members of The Conference Board staff at work. The Board is grateful for the photographs contributed by these Associates:

*American Telephone and Telegraph Company
Atlantic Richfield Company
Bethlehem Steel Corporation
The Boeing Company
CBS Inc.
Deere & Company
Freeport Minerals Company
General Motors Corporation
Genesco Inc.
R. J. Reynolds Industries, Inc.
Time Inc.*



President's Report

When I assumed the presidency of The Conference Board a year ago, I inherited a sound and viable organization from my predecessor, Sandy (Alexander B.) Trowbridge. Staff morale was excellent, financial support was on a solid footing, and the Board's visibility and credibility were at very high levels.

The Board's healthy condition gave me a most fortunate opportunity to devote a good deal of attention to planning for the organization's future. It was an opportunity which I welcomed. Nothing stands still for long, and evolving demands and pressures upon world business require that The Conference Board remain constantly responsive to the changing informational needs of business executives and society.

As I addressed this responsibility, it became apparent that the key to a systematic and perceptive approach to planning, and to the means for achieving results, was the annual budget. In my opinion, a properly executed budget is an organization's statement of its goals and how it plans to reach them. Planning is not foreign to The Conference Board, of course, having been the subject of considerable research over the years. But the Board itself has become a complex operation, and clearly it is time that we apply our planning expertise to our own affairs.

Before we could systematize our planning, however, we needed internal consensus on an even more fundamental question: What is The Conference Board's purpose, or mission? The Board's executive staff is a mixture of men and women with varied backgrounds and years of service. It was appropriate that they sit down together for candid

examination of their aspirations for the Board, weighing the demands of the present and the future against the organization's historical posture.

This step was accomplished at a management retreat. It was an exciting and rewarding experience, and from it came enthusiastic agreement on the statement—which appears on the cover of this report—of the Board's purpose.

Having reaffirmed the Board's mission, a second retreat was devoted to intensive analysis of the current program and its future needs. The session yielded invaluable input for a system of planning called "program budgeting," which was being developed simultaneously. In essence, the program budget provides us with a more sensitive method for evaluating projects before expending resources on them. It is functional now for the research program, and is being adapted to conferences and other Board activities.

Under the new system, each research proposal goes through a number of steps before a commitment is made. The steps are designed to determine demand for the project by various Board audiences, how long it will take, what it will cost, and whether the Board has the capability to carry it out. Project proposals which survive this assessment are assigned priorities, and their cost estimates are entered for use in constructing the Board's expense budget. Built into the program budget system are mechanisms which enable us to monitor closely the progress of each project and to take corrective action, when needed, in a timely manner.

As a result of these two activities—the retreats and the program budget—the Board has greatly improved its system for short-term planning. The next step will be to develop a five-year plan, and a third retreat has been scheduled for that purpose. Thereafter, the five-year

plan will be reviewed and updated annually in conjunction with each year's new budget.

The development of these planning procedures was greatly assisted by input from our Associates. In addition to our continuing contacts, we surveyed Members of the Corporation twice during the year, gaining invaluable perspectives on what our supporters want and expect from the Board.

These surveys, and other investigations, confirmed our belief that international business is not the exclusive concern of a few large and highly visible corporations operating across national boundaries. Instead, thousands of medium-sized enterprises all around the world are successfully conducting business in lands other than their own, and there is good reason to believe that this is the course of the future. Indicative of this was an analysis of The Conference Board's manufacturing Associates which revealed that approximately 85% have international commercial involvement.

Acting upon our conviction that the Board will best serve the needs of both U.S. and foreign Associates by paying closer attention to international business activities, the Trustees approved establishment of The Conference Board in Europe. The decision was reached after a long period of careful assessment and discussions with eminent European businessmen, government officials, industry associations, research institutions, educators and key international organizations. The consensus which emerged from these explorations was that while there are many fine institutions for economic research and some highly respected centers for the study of management methods in Europe, there

presently appears to be no European institution that matches The Conference Board in the breadth, relevance and practicability of its assistance to business leaders and their principal managers.

The Conference Board in Europe is being organized at this time. G. Clark Thompson, the Board's senior vice president for development, has been designated to head this project and is responsible for engaging a staff and implementing a European program of research and conferences.

In continuation of our work toward establishing the European operation, we held three open conferences and ten briefings in England and on the Continent during the year. These meetings were designed to provide interested members of the European business community with fresh insight into the economic and political climate in the United States.

His Royal Highness Prince Henrik of Denmark (right) chats with Maersk Mc-Kinney Moller, chairman of A. P. Moller, and Kenneth A. Randall (left), president of The Conference Board, during a briefing which the Board conducted in Copenhagen for Danish business leaders. The briefing was part of the Board's continuing effort to serve its European Associates.



To insure that our Associates receive the full benefit of the Board's international resources, we have made several organizational adjustments. They will result in closer coordination between the U.S. Conference Board and its Canadian and European operations, and more effective scrutiny of the international aspects of issues examined through research and conferences. The goal is to enrich the Board's program in response to the rapidly growing need for reliable economic and management information worldwide as well as domestically.

Another important decision was reached this year as we approached expiration of the lease at our New York City headquarters. After careful consideration of alternatives both within and outside the city, and after intense negotiations, we concluded a new 15-year lease at our present location. Improvements in operating efficiency are expected from badly needed renovations as well as the acquisition of additional space.

During fiscal 1976-1977, our U.S. and Canadian staffs produced a total of 212 separate publications, including 50 major research reports, and conducted more than 200 meetings, including open conferences, courses and seminars, briefings, round-table discussions, and working sessions of the various research councils. Our newly reconstituted monthly magazine, *Across the Board*, made solid progress toward its goal of becoming a provocative, readable and responsible vehicle for exploration of the many socioeconomic issues which permeate the business climate.

Our revenues exceeded expenses by \$331,294 during the year, and total income increased in line with the modest but steady growth which has been characteristic of the Board since World War II. The full financial statement appearing elsewhere in this report demonstrates that the Board's financial structure is sound. But it is also true that the number of projects urgently demanding the Board's attention continues to outrun the available resources. We feel that the planning which has been accomplished during the year will help us immensely in responding to this challenge.

It has been an exciting year and one that makes me more confident than ever about the future. Thank you for your support and encouragement.

Kenneth A. Randall
President

The Conference Board

Objective Research and Discussion Serving Management and Society

The Conference Board is a unique organization for business and economic research, incorporated for purposes officially described as “scientific, educational and charitable.”

As an educational institution it produces the raw material of education—facts, objectively gathered through scientifically sound research techniques—and it provides a forum for responsible discussion of important current issues affecting business and society. The information that the Board produces is not esoteric. It is practical material on what is happening now or is soon to come, and it can be applied immediately by busy managers fully engaged in the daily competitive fray. It has proven value for those who manage business and for those with keen interest in business, such as labor unions, government agencies, trade or professional associations, communications media, and formal educational institutions.

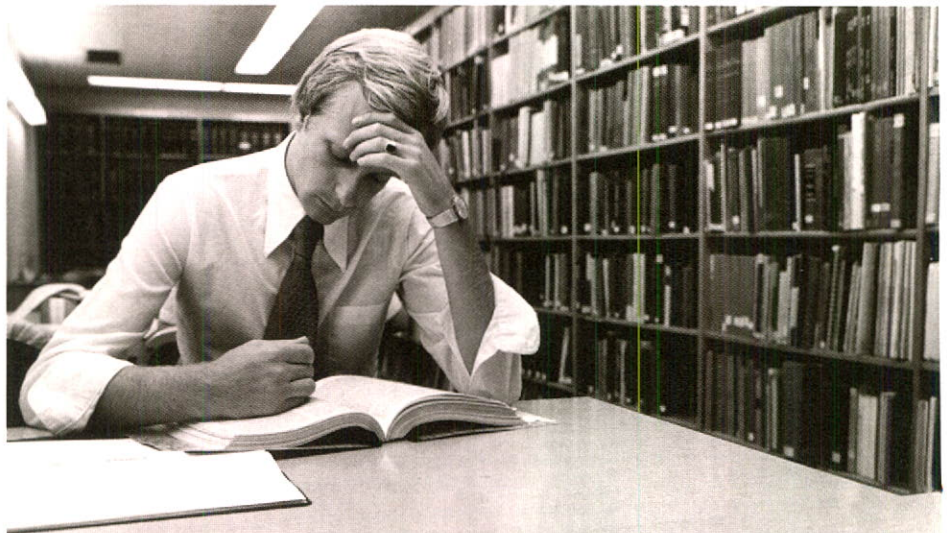
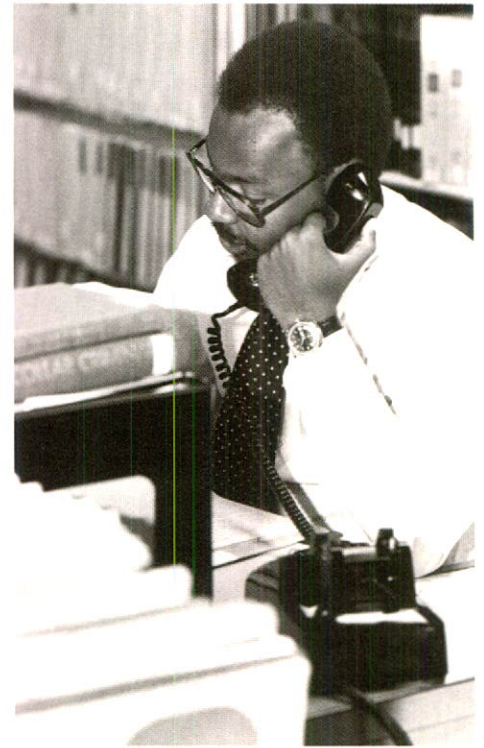
The Conference Board is not operated for profit. The greatest part of its income is from annual subscriptions by its Associate organizations. And there is a larger sense in which to view the “charitable” nature of the Board’s work. Its certificate of incorporation states that the Board’s fundamental purpose “is to promote public welfare,” and it pledges the Board to carry on its work “in the open-minded and straightforward spirit which should characterize all efforts of a scientific nature . . . always seeking to learn and promulgate the truth.”

Although corporate headquarters are in New York, the Board’s Associates are found in every state of the union and in 49 nations of the world. Indicative of this international perspective, The Conference Board in Canada was established more than 20 years ago, and The Conference Board in Europe is in the process of being organized.

In short, by its own definition: “The Conference Board is an organization which, through development and

dissemination of objective information, seeks to improve the quality and effectiveness of business leadership in serving the various publics to which it is accountable and to create broader understanding of business and economic activity.”

Ever since the Board’s founding in 1916, it has been a fundamental tenet that the public will share in the knowledge developed by the organization’s work. It is to everyone’s advantage that the public, as well as management, understand how the business institution works in market economies, and it has been The Conference Board’s special mission to further this understanding among all groups. To do this effectively requires that The Conference Board be independent, and it is. It draws its financial support from many diverse sources. It studies business, but it is not a spokesman for business. Its published research presents facts; users of these facts develop their own conclusions as to how to apply them. Board conferences provide opportunity for executives to share their experiences with each other and with other elements of society, and for society to feed its reactions and opinions back to business. The Board views business, economics and society through a wide-angle lens, focusing its examinations primarily on questions of national and international significance.



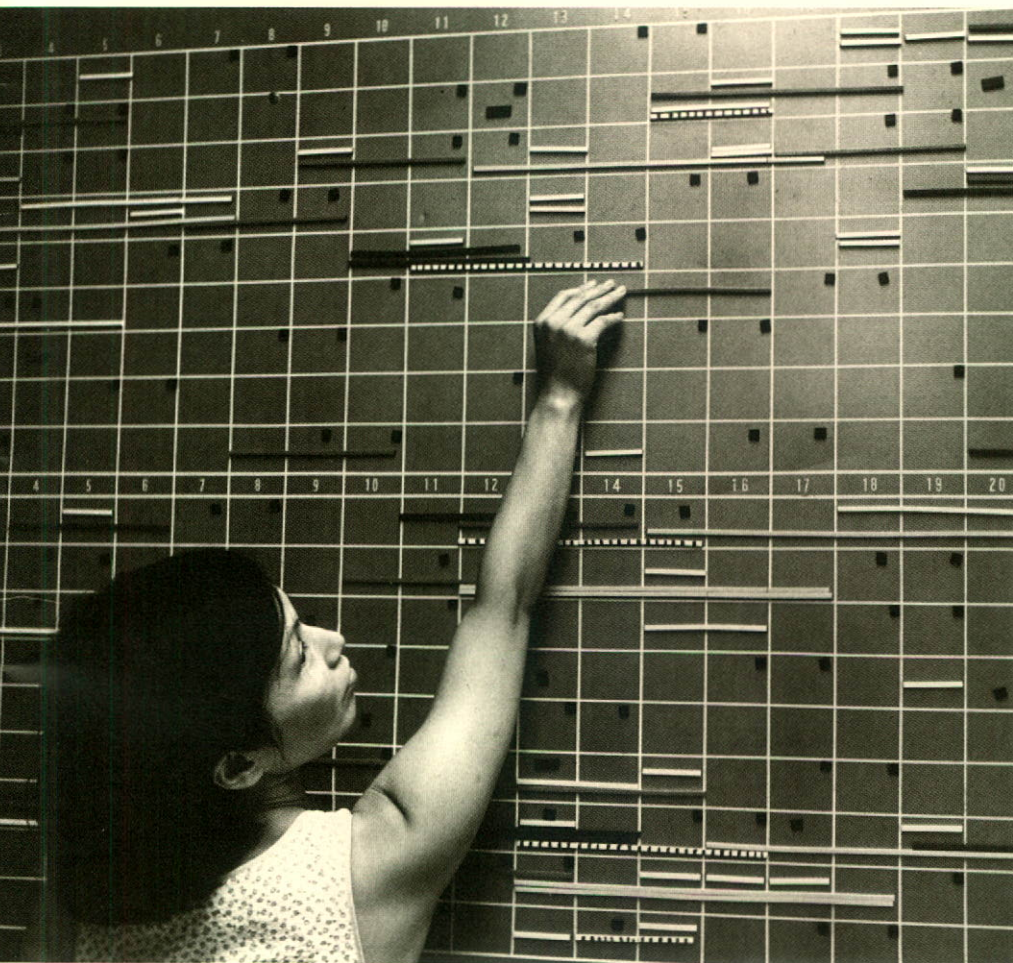
Services

The Conference Board serves through the development and dissemination of timely, pragmatic knowledge. This effort is supported by a full-time staff of some 265 in the New York headquarters and almost 80 at its Canadian office in Ottawa. Three-fourths of the staff are engaged in producing information through research or communicating information through publications, meetings, news releases, and other channels.

Research . . . Foundation for the Board's Work

Directed at the interests and responsibilities of the chief executive, directors, and major corporate decision makers, the Board's research is targeted in the areas of economics and business trends, public affairs issues and government relations, financial management, antitrust theory and enforcement, marketing, management planning and organization development, personnel practices and labor relations, and international economics and management principles.

Broadly speaking, Conference Board studies deal with two questions: What executive initiatives are employed inside the corporation to manage the business of the company?; and, What external forces are at work that have an impact upon the company and affect management decisions?



Examining Internal Management

Management studies investigate, analyze and interpret executive experience and practices, and are utilized by Board Associates as prods to their own thinking and as gauges against which to measure their operations. A recent study of employee compensation in the United States illustrates the detailed, practical information developed through this research method. The study enables Associates to compare wage and salary practices before and after the recent inflationary spurt, and it projects changes in collective bargaining strategy; documents the adjustments in pay plans for white-collar workers, technicians, professionals and executives, and outlines some new thinking in compensation planning which can be expected to emerge in the second half of the decade.

The Board also examines at regular intervals the compensation of two important classes of business leadership—corporate directors and the three highest-paid corporate executives. The most recent study of directors' compensation covered the programs of nearly 1,000 U.S. business firms, focusing on fees and retainers, fringe benefits, reimbursement of travel and other expenses, and liability insurance for board members' protection. More than 1,300 companies provided data for the latest analysis of salaries and bonuses among the three highest-paid executives in manufacturing, retail trade, gas and electric utilities, banking and insurance.

Compensation is only one among many in-company management programs and practices that come under the Board's continuing scrutiny. The breadth and scope of the management research program are indicated by the following:

□ A series of interrelated developments has brought about a revolution in retirement, causing problems for employees, employers and society. The Conference Board examined the nature of these problems and presented a checklist of corporate programs that provide pre- and post-retirement assistance.

□ Identifying a product or service that is headed for trouble, and determining what to do about it, is a sensitive problem for many Associate companies. Marketing and planning executives in more than 120 companies shared their experiences for a Conference Board report titled *Business Strategies for Problem Products*.

□ Many chief executives are rethinking the role that American expatriates should play in managing their foreign enterprises. The Conference Board has examined the problems of cross-cultural operations and the approaches now employed by leading corporations in selecting and orienting personnel for effective service abroad.

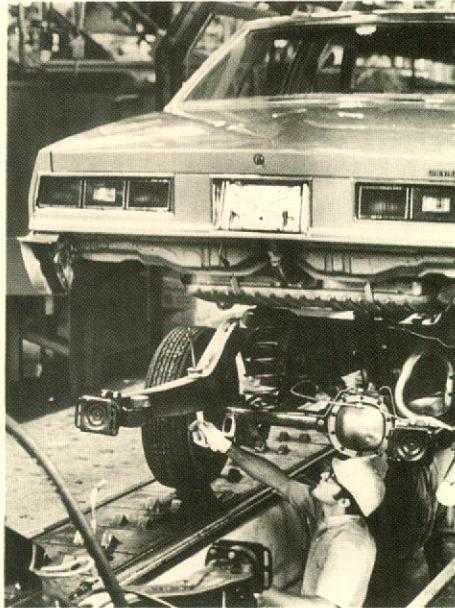
□ Formal arrangements permitting shareowners to reinvest their dividends automatically is an idea that has been adopted by many companies only within the last decade. To help executives assess the advantages and pitfalls of these programs, the Board studied the reasons some companies offer reinvestment programs and others do not, and examined plan objectives and how companies organize and administer reinvestment programs.





Identifying and Analyzing External Pressures

The state of the economy, domestic and international, is perhaps the most pervasive external problem facing management as it plans day-to-day and into the future. The subject is vast, complex and in a constant state of change. Business is keenly affected by the economy, and the economy is increasingly affected by sociopolitical pressures as well as by business activity. Clearly, enlightened management must have outside sources of intelligence to keep track of the many developments that can mean life or death for the enterprise.

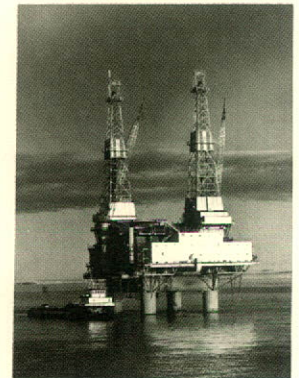
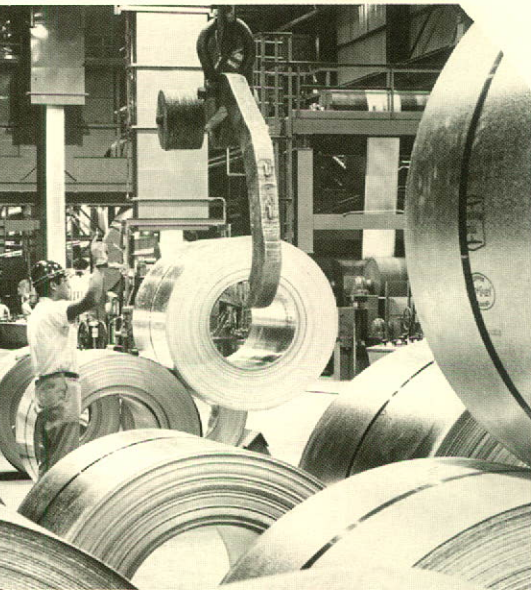


From the beginning more than 60 years ago, the challenge for the Board has been to fill management's needs for useful information on economic conditions and important external factors that affect the economy. Two of the Board's earliest projects typify the organization's response:

□ In 1917, with the demands of World War I distorting the wage and price structure, a Board researcher published a report on *Wartime Changes in the Cost of Living*, and then developed from it the nation's first continuing cost-of-living index. Inspired by The Conference Board's success, the Federal Government developed its own consumer price index some 18 months later.

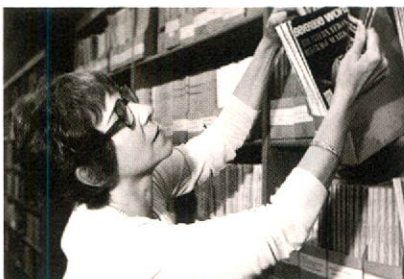
□ With the war ended, the Board sent a commission to Europe in 1919 to make on-the-spot investigations of industrial conditions. The commission found widespread unrest, which it described in its 406-page report on the *Problems of Labor and Industry in Great Britain, France and Italy*.

These reports illustrate a pattern of operations which has continued throughout the Board's history. In order to monitor outside forces having significant impact on corporate activity, the Board engages in both continuing measurement of various economic indicators, and in periodic studies of major developments affecting, or likely to affect, economic conditions or individual companies.



Conference Board Associates regularly receive a great variety of statistical series and analyses describing what is happening in significant segments of the economy. They are of special value to corporate economists, marketers, financial executives, and those responsible for corporate planning, and they receive close attention from other professionals in both the public and private sectors, and from the news media. Among the Board's economic series and reports are:

- A monthly *Statistical Bulletin*, containing the Board's "Help-wanted Advertising Index," which measures labor market conditions; its quarterly reports on capital appropriations for new plant and equipment by the thousand largest U.S. manufacturing corporations; and its series on "Discretionary Spending" and "Seasonally Adjusted Automobile Sales." The *Bulletin* also contains data from other sources, such as GNP projections by private economists and the current status of leading business indicators.
- Quarterly reports on the capital appropriations of investor-owned gas and electric utility firms.
- *Current Economic Trends*, a quarterly chart summary featuring graphic condensations of business indicators, GNP components, and trends in various sectors of the U.S. economy.
- *Worldbusiness Perspectives*, bi-monthly chart-and-text presentations of topics of international interest.



- A monthly survey of consumer attitudes and buying plans and a quarterly survey of business executives' expectations about business conditions.
- Quarterly announcements of foreign investment in U.S. manufacturing industries.
- *Guide to Consumer Markets*, a statistical reference volume published annually and containing more than 300 tables and 100 charts profiling consumers and the consumer market.

Utilizing Outside Expertise

Periodically The Conference Board brings authorities in selected subjects together with its own specialists for intensive forum-style examinations of current developments and future trends. The Board's Economic Forum was established more than 25 years ago, and twice a year draws upon some of the nation's most eminent government, academic and private-sector economists to assess the state of the economy and the near-term business outlook. Similar groups meeting annually are the Antitrust Forum, the Manpower Forum, and the Labor Relations Forum. Summary reports of the deliberations and conclusions of these meetings are published.



Monitoring Government Activity

Two areas of U.S. Federal Government activity that impact severely on business and economic conditions receive special attention at the Board. The formulation and enforcement of antitrust regulations are under continuing study in an effort to help Associates understand the economic concepts and facts underlying this body of law and the directions which the lawmakers, the courts, and the enforcing agencies appear to be taking. In addition, the U.S. Federal budget, which wields enormous influence on the state of the world economy, is thoroughly examined by the Board in each of its three stages of development—the President's budget and the two Congressional budget resolutions. In Canada, similar examinations of government expenditures are conducted, and this type of analysis will receive high priority as The Conference Board in Europe begins operations.

Studies of New Developments

In addition to these ongoing examinations of the environment in which business functions, the Board conducts periodic studies of new and emerging pressures. These forward-looking reports are designed to identify issues far enough in advance to permit well-considered corporate planning and response. Several recent selections illustrate this work:

□ The food and population crises in the developing regions of the world have appeared massive and intractable in recent years. A Conference Board study, *Partners in Agro-economic Development*, reviews what has been learned about the effort needed to close the food gap and avoid catastrophe. A principal conclusion is that agribusiness and governments must design their actions in a complementary pattern; they cannot achieve their respective commercial and political objectives from an adversary posture.

□ The vocational education system is the largest of all the public and private institutions concerned with occupational training. Progress made in planning in vocational education profoundly affects the transition from school to work for individuals, as well as recruitment and training in industry. A study titled *Changes in Occupational Characteristics: Planning Ahead for the 1980's* presents an overview of the many developments affecting occupational choices and training needs in the next decade. It includes manpower estimates representing a first step in developing a more comprehensive system of indicators for planning by companies and government agencies.

□ The behavior of multinational corporations in the countries in which their subsidiaries or affiliates operate has become a matter of increasing concern to business and government and to their publics. As part of a continuing effort to examine responsible corporate behavior overseas, the Board recently produced an extensive analysis of the attitudes and expectations of strategic elites in Canada and Italy regarding the American corporate affiliates. The study provides an indication of future developments in advanced industrialized nations in which business capital is directly and indirectly invested.



Delivering Information

Publications, meetings and news releases are the primary means by which The Conference Board shares business and economic intelligence with its various audiences.

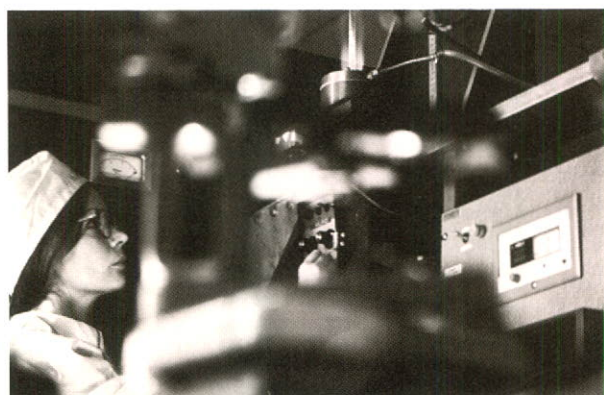
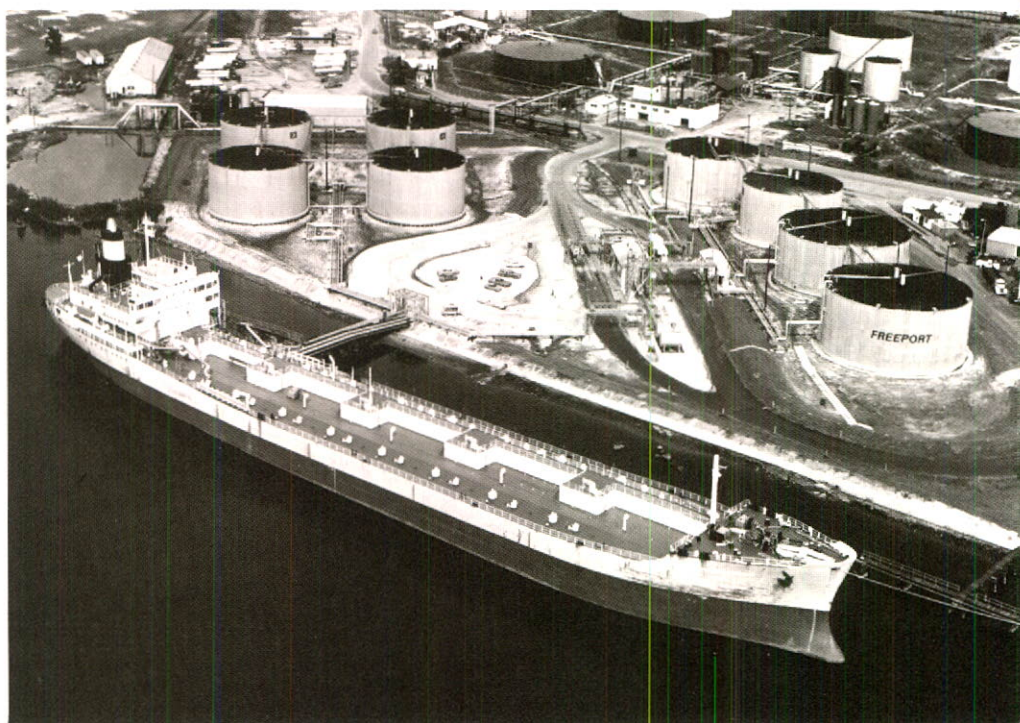
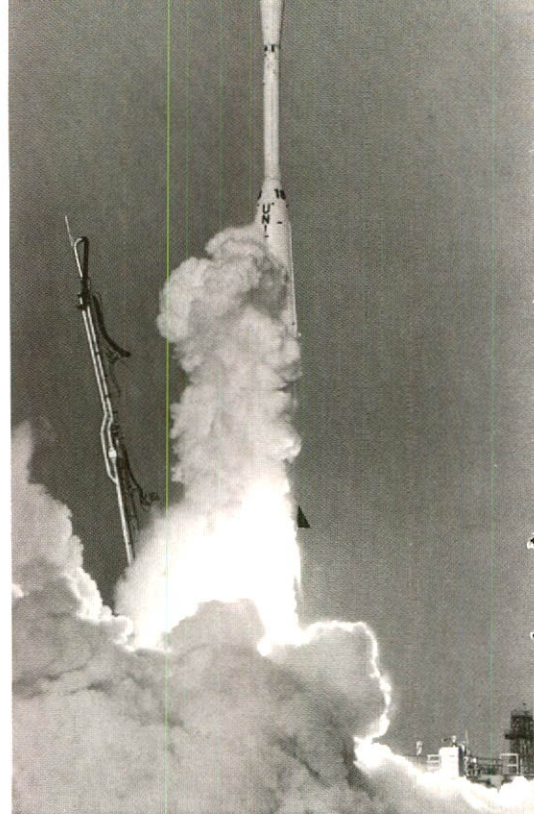
Publications

The Board delivers published research and information in a variety of forms—from single sheet tables, charts or text to major studies running to several hundred pages. The flow of this material is continuous throughout the year, with the Board distributing roughly 3 million published items annually to Associates and others around the world.

Conference Board reports are for lay audiences and considerable effort is devoted to making them clear, concise and objective. Technical jargon is avoided wherever possible, and great care is taken to ensure that research publications present fact and not opinion.

In the best tradition of contemporary magazine journalism, the professionally edited monthly magazine, *Across the Board*, carries articles by both staff researchers and by eminent outside authorities from many fields of endeavor. This is a publication combining factual presentation and opinions—the latter sometimes providing the primary value of the articles.

Across the Board is distributed to all Conference Board Associates and is available by subscription to non-Associates. Its pages have been opened to advertisers in the belief that this is a worthwhile service for those wishing to reach a prime business audience.



Meetings

Meetings were the genesis of The Conference Board. The need for the organization was first identified by a small group of business and association leaders who met informally in 1915-1916 for candid discussion of the social and industrial problems of their day. Out of those sessions came both The Conference Board (originally the National Industrial Conference Board), and the format for a series of top-level business meetings which have continued to this day. Each year the Board conducts more than a dozen of these meetings in various locations around the United States and in Europe, Latin America, and the Pacific Basin. Each session is attended by approximately 45 invited chief executives of major corporations, and every participant is allotted a brief period in which to speak on the subject of his or her choice. There is no attempt to reach conclusions or formulate plans of action. Rather, the benefit is in the opportunity that the meetings offer chief executives to compare experiences and to share with their peers their opinions on the emerging business-social-political issues of the times.



A somewhat similar group of meetings is conducted for corporate staff officers in charge of various specialized functions. Most of the Board's principal research groups have organized, for advice and consultation, councils of executives who are eminent in their respective fields. These councils meet at regular intervals to discuss problems and developments in areas such as organization planning, compensation, marketing, corporate finance, and public affairs.

Thirty to forty times a year, the Board conducts open conferences in the United States, Canada and Europe on subjects of significance to executives at various levels of management. Speakers are drawn from business, labor, government, academia, foundations, associations and other sources of expertise. Audiences range from several hundred to 2,000 or more.

As with the Board's research, the open conferences deal both with outside forces affecting business and the economy and with the internal management of specific elements of corporate activity. Some—such as the antitrust, business outlook, marketing, and financial conferences—are held regularly in order to update subjects of continuing interest. The news media are encouraged to cover open conferences, and on occasion edited transcripts are prepared for distribution to Board Associates. In addition to their role as communications vehicles, most of the Board's meetings generate ideas or provide perspective for the research program.

Public Information

In keeping with its responsibility to enhance public understanding of the business and economic system, the Board conducts a very active information program for news media in the United States and throughout the world.

Releases are drafted for most Conference Board studies, presenting the major findings in language and style acceptable to the media and understandable to the general public. They are distributed regularly to some 2,000 editors, writers, columnists and opinion leaders with newspapers, magazines, radio and television, news syndicates, and wire services here and abroad. Members of the working press are welcome to anything that the Board publishes and are encouraged to use the Board as an information resource when facts and perspectives are needed. Senior research specialists devote an appreciable amount of time to assisting news people, either with interviews or with background information.

The press in the United States, Canada and many other parts of the world make constant use of Conference Board research findings and conference addresses as the factual basis of news stories, editorial comment, feature articles, and broadcasts on the course of business and the economy. This heavy use of Conference Board work provides a measure of the Board's acceptance as an objective source of information for the public as well as for business.

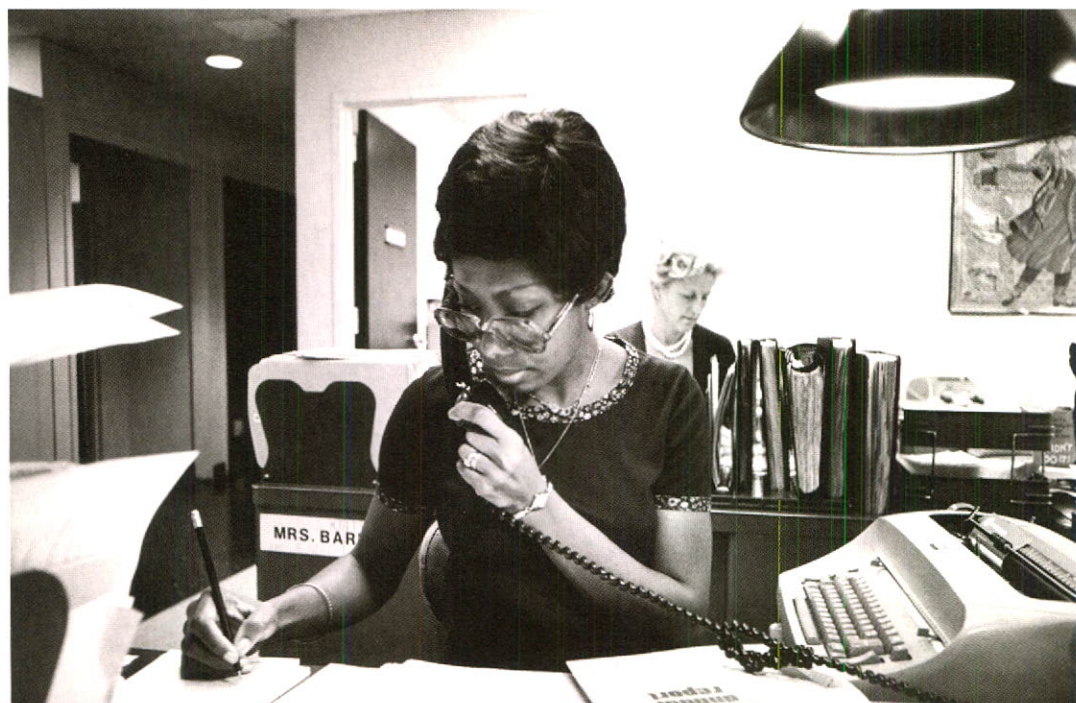
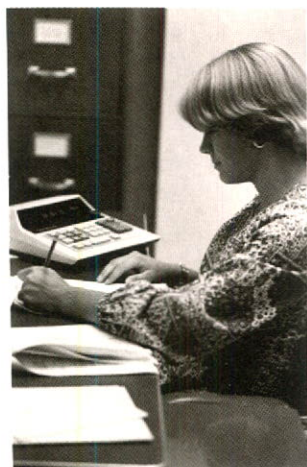
Associate Information Service

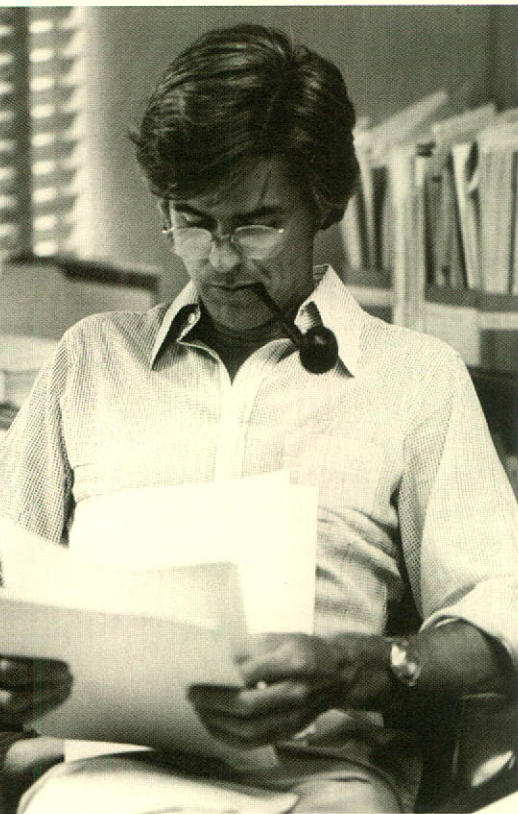
One of The Conference Board resources most heavily used by its Associates is its Information Service. Eight information specialists, supported by more than 100 research specialists and backed up by the Board's 25,000 volume private library and the accumulation of more than 60 years of research, stand ready to help Associates with factual information on an enormous range of business and economic matters. Most often, responses to Associate questions are delivered within 24 hours. They range from a single statistic to a literature search culminating in a brief bibliography. Associates are given full access to the Board's library.

Each year, Information Service prepares a cumulative index, arranged by subject matter and updated annually. The index permits Associates and others to determine instantly what research the Board has done on any given topic.

Courses and Seminars

Courses and seminars are two important means of communicating information developed by the Board. They are intensive instructional vehicles designed to broaden the executive's understanding of specific issues, practices or disciplines. Courses and seminars run from one to five days and employ Conference Board research specialists and eminent outside authorities as instructors. Courses are offered regularly on economics, personnel administration, and corporate philanthropy. Seminar topics change as new issues are examined by the Board's research staff. Representative of seminar subjects are the occupational outlook, equal employment enforcement, product safety, and consumer relations in the financial sector.





Promoting Better Understanding Between Business and Government

With the growing need for involvement in public policy issues by private-sector leaders, The Conference Board established its Congressional Assistant Program in 1975, in order to contribute to professional development and communication in this field.

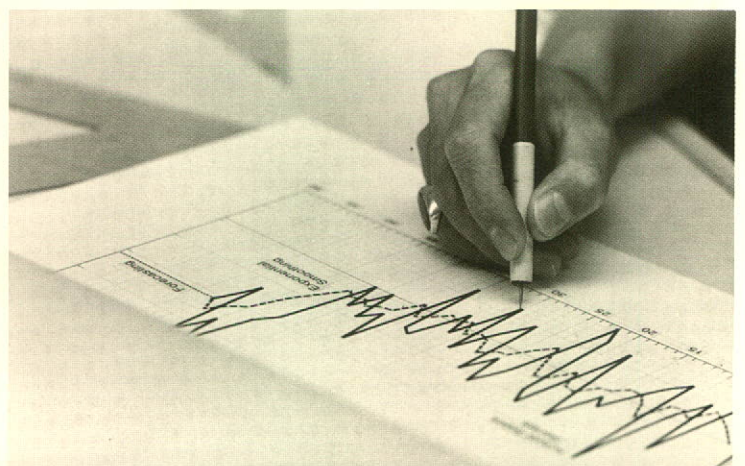
Under this Program, high-potential, mid-career executives, nominated by Conference Board Associate organizations, on one-year loan to the Board, serve as staff assistants on committees of the U.S. Congress. These Congressional Assistants participate in the committees' work by conducting research and preparing option papers and briefings, or legislative drafts and reports used in committee hearings and deliberations.

The Congressional Assistants continue on the payrolls of their employers. The Board arranges orientation programs in

political science, economics, and Federal Government operations prior to service on Capitol Hill. This exposure is continued throughout the year by a series of discussions with legislative and executive branch officials and other executives from the Washington community. The Board works with the officers of the Senate and House of Representatives and their committees to identify an appropriate committee affiliation for each Congressional Assistant; both the Congress and the Board take great care to preclude conflicts of interest. About eight Congressional Assistants serve each legislative session of the Congress.

Sharing With Others

In the broadest sense, information developed by The Conference Board belongs to the world. Although Conference Board publications are copyrighted, the Board is exceedingly liberal in granting, to those making proper application, the right to quote from or reprint its material. It does so in the belief that other responsible parties can help the Board to achieve its mission of creating broader understanding of business and economic activity. Scholars are frequent users of Conference Board research findings, and the thousands of textbooks containing passages from Conference Board reports attest to the confidence which the academic community places in the Board's objectivity and scientific methods.



Serving Management and Society Throughout the World

The Conference Board's interest in international business dates back to its beginnings. During the Board's early years, its international program was intended primarily to apprise U.S. businessmen of major business and economic developments overseas.

Following World War II, as American business began to go global at a phenomenal pace, the Board broadened its research horizon to include studies of the many new issues and problems facing U.S. companies engaged in foreign ventures.

Canadian business executives have long had a keen interest in the Board's studies of business practices and market conditions. Responding to that interest, The Conference Board opened an office in that nation in 1954.

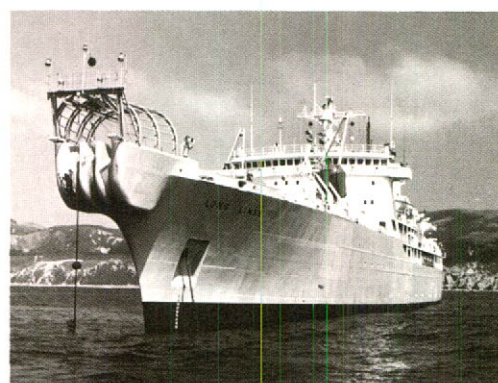
At first, the principal function of The Conference Board in Canada was to facilitate the distribution of U.S. research to the Canadian business community. But as the Board's presence in Canada expanded, Canadian businessmen encouraged the Board to apply its type of analysis to the dimensions of Canadian business, and once again the Board widened its horizon.

Today, The Conference Board in Canada employs a large and growing staff of Canadian specialists carrying on the same work as the U.S. office, but focused on Canadian business, economic and sociopolitical developments. The Conference Board in Canada is based in Ottawa. Like the U.S. Conference Board, its scope is international as well as national, and its research examines both in-company management initiatives and external forces affecting business and the economy. Meetings, publications and news releases are the core of its communications. It also has a computerized economic information and forecasting service providing on-line access coast-to-coast to a variety of analytical tools.

The postwar years also witnessed an increased interest in The Conference Board's work on the part of European businessmen. The Board responded at first with meetings in England and Western Europe, then broadened its research to provide data of particular interest to that market.

In 1977, with the encouragement of eminent business leaders on both sides of the Atlantic, it was formally decided to organize the Conference Board in Europe. Its mission, like that of The Conference Board in Canada, will be to initiate a program of research, information exchange, and conferences designed particularly to reflect the business environment and management's response throughout Europe.

The Conference Board has Associate subscribers in many other nations of the world, and has been holding meetings in the Pacific Basin and Latin America. Further development of its international program will depend in good part upon the interest expressed by the business communities in individual countries as well as on the international activities of the Board's Associate corporations.



How You Can Use The Conference Board



The Conference Board's program is deliberately diverse in order to meet the informational needs of corporate directors, chief executives, and the principal corporate decision makers. The Board recognizes that not everyone can use everything it produces, and it tailors its delivery service to the specific needs of each person it serves. Specialized mailings provide executives in Associate organizations with that material which is best suited to their individual interests and responsibilities. A personalized distribution program is written for each organization which becomes an Associate of the Board and can be updated at any time to reflect management changes.

Executives receiving specialized mailing services are automatically notified of *all* research published by the Board and may request any items which interest them at no cost.

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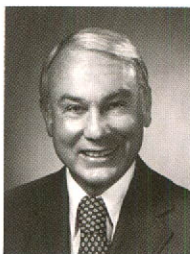
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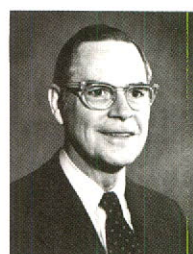
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Statement of Financial Position
(All Funds Combined)

The Conference Board, Inc.

	May 31	
	1977	1976*
<i>Assets</i>		
Cash	\$ 197,213	\$ 136,042
Investments:		
U.S. Government securities—at cost and accrued interest (approximate market)	4,395,124	3,519,021
Commercial paper and certificates of deposit—at cost and accrued interest (approximate market)	1,885,109	2,838,697
Commercial bonds—at cost (approximate market)	52,187	52,187
Common stocks, at market value—Note 2	522,670	595,125
	<u>6,855,090</u>	<u>7,005,030</u>
Accounts receivable for subscriptions, conferences, courses and seminars, etc.— less allowance for doubtful accounts of \$30,214 in both years	1,193,354	1,075,583
Inventory of paper for publications, at average cost	27,351	49,785
Furniture, equipment and library	1	1
Prepaid expenses and other assets	334,465	133,593
	<u>\$8,607,474</u>	<u>\$8,400,034</u>
<i>Liabilities and Fund Balances</i>		
Accounts payable and other liabilities	\$ 632,581	\$ 742,616
Advance payments—special projects, conferences, etc.	344,185	481,203
Subscription income applicable to subsequent period operations	4,248,677	4,021,478
Fund balances:		
Operating fund:		
Undesignated	314,266	274,775
Reserve for program maintenance	568,450	557,450
Reserve	2,081,650	2,070,952
Development	394,163	229,925
Gifts and bequests	23,502	21,635
	<u>3,382,031</u>	<u>3,154,737</u>
	<u>\$8,607,474</u>	<u>\$8,400,034</u>

See notes to financial statements

* Reclassified for comparative purposes

Statement of Income and Expenses
(All Funds Combined)

The Conference Board, Inc.

	Year Ended May 31		Ten Months Ended May 31
	1977	1976	1976*
<i>Income</i>	(Unaudited)		
Subscriptions	\$ 8,050,716	\$ 7,457,746	\$ 6,271,394
Conferences and courses	1,819,684	1,627,573	1,414,363
Financed research	2,085,167	1,802,706	1,599,543
Sale of publications	310,469	297,469	249,721
Contributions to development fund	151,725	229,925	229,925
Interest and dividends	391,237	358,372	316,019
Other income	19,086	89,378	37,126
Total Income	12,828,084	11,863,169	10,118,091
<i>Expenses</i>			
Salaries	6,239,985	5,595,601	4,688,005
Employee benefits	795,256	741,550	629,658
Payroll taxes	254,881	228,074	193,329
Travel and entertaining	475,609	439,652	388,056
Outside costs—conferences and courses	446,813	448,689	381,287
Outside printing	1,038,091	953,669	850,917
Paper and supplies	330,231	317,417	297,940
Postage	493,926	344,235	298,294
Furniture and equipment	44,813	85,302	83,827
Books, periodicals and services	77,202	69,533	65,676
Rent—equipment	771,183	627,331	554,620
Rent—space	639,021	619,807	536,296
Maintenance and repairs	45,280	47,434	40,763
Auditing and legal	53,495	43,366	37,210
Insurance	29,004	15,595	15,594
Technical services	414,363	418,843	383,507
Telephone and telegraph	201,537	175,747	148,586
Other expenses	146,100	75,794	74,592
Total Expenses	12,496,790	11,247,639	9,668,157
Excess of Income	\$ 331,294	\$ 615,530	\$ 449,934

See notes to financial statements

* Reclassified for comparative purposes

Statement of Changes in Financial Position
(All Funds Combined)

The Conference Board, Inc.

	Year Ended May 31	Ten Months Ended May 31
	1977	1976
<i>Sources of Funds</i>		
From operations:		
Excess of income	\$ 331,294	\$ 449,934
Items included in operations not affecting cash:		
Increase in advance payments and deferred subscription income,		
less increase in accounts receivable	(27,590)	303,944
Interest income accrued	(5,483)	(6,973)
Decrease in inventory	22,434	1,212
(Increase) decrease in prepaid expenses	(187,446)	17,814
Increase (decrease) in accounts payable	(113,315)	414,760
Cash Provided From Operations.....	19,894	1,180,691
Decrease in investments less market valuation allowance of \$104,000	51,423	
Increase in other liabilities	3,280	
(Increase) decrease in cash	(61,171)	90,386
	<u>\$ 13,426</u>	<u>\$1,271,077</u>
<i>Applications of Funds</i>		
Increase in investments		\$1,265,636
Increase in other assets	\$ 13,426	4,295
Decrease in other liabilities		1,146
	<u>\$ 13,426</u>	<u>\$1,271,077</u>

See notes to financial statements

Statement of Changes in Fund Balances

Ten Months and Year Ended May 31, 1977

The Conference Board, Inc.

		Operating Fund				
	Total	Undesignated	Reserve For Program Maintenance	Reserve Fund	Development Fund	Gifts and Bequests Fund
Balances, August 1, 1975 . . .	\$2,704,803	\$109,897	\$607,450	\$1,968,498		\$18,958
Excess of income	449,934	114,878		102,454	\$229,925	2,677
Interfund transfer—to (from)		50,000	(50,000)			
Balances, May 31, 1976 . . .	3,154,737	274,775	557,450	2,070,952	229,925	21,635
Excess of income	331,294	50,491		114,698	164,238	1,867
Interfund transfer—to (from)		(11,000)	11,000			
Net unrealized loss on common stocks—Note 2 . .	(104,000)			(104,000)		
Balances, May 31, 1977 . . .	<u>\$3,382,031</u>	<u>\$314,266</u>	<u>\$568,450</u>	<u>\$2,081,650</u>	<u>\$394,163</u>	<u>\$23,502</u>

See notes to financial statements

Notes to Financial Statements

The Conference Board, Inc.

Note 1 The accompanying financial statements include the financial statements of the Operating, Reserve, Development and Gifts and Bequests Funds on a combined basis. All interfund accounts and transactions have been eliminated in combination. Transfers among funds are recorded in accordance with the authorization of management. Approval of the Board's trustees is required for use of the Development Fund.

In 1976 the Board changed its fiscal year end from July 31 to May 31. The unaudited statement of income and expenses for the year ended May 31, 1976 is presented for comparative purposes and is not intended to present all information necessary for a fair presentation in accordance with generally accepted accounting principles.

Investments in common stocks are carried at the lower of aggregate cost or market. A valuation allowance has been established by a charge to fund balances representing net unrealized losses (see Note 2).

Revenue from subscriptions is included in income on a proportionate basis over the subscription period, which generally covers one year. Revenue from conferences and courses is recorded upon completion of such meetings. Amounts received for financed research projects are included in income as the related costs on such projects are incurred. Current operations are charged with additions to furniture, equipment and library.

Note 2 Investments in common stocks are carried at market value, \$522,670 and \$595,125 at May 31, 1977 and 1976, respectively. The aggregate cost of common stocks at May 31, 1977 was approximately \$626,000. At May 31, 1976 the aggregate cost of common stocks approximated market. At May 31, 1977 gross unrealized gains and gross unrealized losses pertaining to common stocks amounted to approximately \$25,000 and \$129,000, respectively. At June 28, 1977 the aggregate cost of investments in common stocks was \$626,000; market value \$544,000. The Board has no present intention to liquidate the investments in common stocks.

Report of Ernst & Ernst, Independent Auditors

The Conference Board, Inc.
New York, N.Y.

Note 3 The Board has contributory retirement income plans covering most of its eligible employees. The total pension expense was approximately \$437,000 for the year ended May 31, 1977 and \$372,000 for the ten months ended May 31, 1976, including amortization of past service cost over 20 years. The Board has been funding pension costs accrued. At the most recent valuation date (April 30, 1976) the total of pension fund assets of \$3,028,000 represented 93% of the related actuarially computed value of vested benefits. In order to comply with the provisions of the Employee Retirement Income Security Act of 1974 and to improve benefits, the Board made certain amendments to its retirement plans. These changes and revisions in actuarial assumptions had the net effect of increasing expense for the year by \$16,000.

Note 4 In June, 1977 the Board negotiated a long-term non-cancelable lease for New York office space through June, 1993. The lease agreement includes renewal options for an additional ten-year period and provides for escalation payments based on increased operating costs.

Future minimum rental commitments under all non-cancelable leases for office space and income from non-cancelable subleases are as follows:

	Lease Commitments	Sublease Rental Income
1978	\$ 664,000	\$36,000
1979	718,000	3,000
1980	723,000	
1981	720,000	
1982	626,000	
Thereafter	<u>6,022,000</u>	
	<u>\$9,473,000</u>	<u>\$39,000</u>

In connection with the lease renewal, the Board plans to make significant renovations to the leased space. The Board will receive a \$250,000 credit from the lessor which will be accounted for as a reduction of renovation costs.

Note 5 Canadian currency exchange gains (losses), resulting from translation of accounts denominated in Canadian dollars, included in other expenses for the year ended May 31, 1977 and in other income for the ten months ended May 31, 1976 amounted to \$(19,500) and \$17,000, respectively.

We have examined the statement of financial position of The Conference Board, Inc. as of May 31, 1977 and May 31, 1976, and the related statements of income and expenses, changes in fund balances and changes in financial position for the year ended May 31, 1977, and the ten months ended May 31, 1976. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The Conference Board, Inc. at May 31, 1977 and May 31, 1976, and the results of its operations and the changes in its financial position for the year ended May 31, 1977, and the ten months ended May 31, 1976, in conformity with generally accepted accounting principles applied on a consistent basis.

New York, N.Y.
July 7, 1977

Ernst & Ernst
E&E

The Conference Board

founded in 1916

Associate Relations Representatives

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