

The Conference Board Inc. 1978 Annual Report

The Conference Board

は、客観的な情報を
開発し普及させることに
より、ビジネス活動
及び経済活動に関する
一般の理解を深めると共に、
社会的な重責を
担うビジネス・リーダーの
管理能力の質及び
効率の昂揚に資する
ものであります。

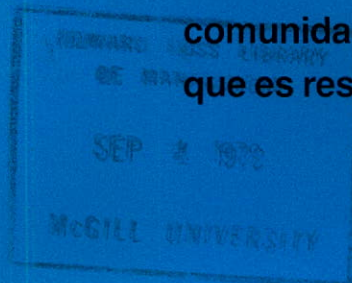
The Conference Board
desarrolla y difunde
información objetiva
con el fin de lograr una
mejor comprensión del
mundo de los
negocios y de la
actividad económica,
y de mejorar la calidad
y efectividad de la
dirección empresarial
para dar adecuado
servicio a todos los
sectores de la
comunidad ante los
que es responsable.

The Conference Board
sammelt, analysiert
und veröffentlicht
objektive
Informationen mit der
Zielsetzung, die
volkswirtschaftlichen
und
unternehmerischen
Zusammenhänge
allgemein verständlich
zu machen und die
Qualität und
Wirksamkeit der
Unternehmensführung
im Dienste aller
interessierten Kreise
der Öffentlichkeit zu
verbessern.

The Conference Board
desenvolve e
dissemina
informações objetivas,
a fim de criar uma
compreensão mais
ampla sobre as
atividades
empresariais e
econômicas bem
como melhorar a
qualidade e
efetividade de
liderança empresarial
ao servir a
coletividade à qual
deve prestar contas.

The Conference Board
develops and
disseminates
objective information
in order to create
broader
understanding of
business and
economic activity and
improve the quality
and effectiveness of
business leadership in
serving all of the
publics to which it is
accountable.

The Conference Board
approfondit et diffuse
des informations
objectives à fin de
faire mieux
comprendre le monde
de l'économie et des
affaires, ainsi que pour
améliorer la qualité et
l'efficacité du travail
des dirigeants
d'entreprises dans
leurs actions auprès
des divers publics
qu'ils servent.



President's Report

It was apparent two years ago that the stress of inflation coupled with the changing needs of our Associates would necessitate fundamental readjustments for The Conference Board. Accordingly, a formalized planning process was initiated to identify what would be needed. Implementation of the plan for meeting the challenge of the new business environment was begun during the past year. Its goals are to improve our service to Associates, to contain the effects of inflation through rigid financial discipline, and to increase our conventional funding sufficiently to permit us to do significant new research on three major problems facing the world's industrialized nations.

Improvement of our service was begun last October with the opening of an office in Brussels for The Conference Board in Europe. Although still in the formative stage, the Brussels office has already conducted several major conferences on the Continent and has significantly enlarged its base of support. Research from that office will be a major addition to the Board's worldwide network of business and economic information.

The annual subscriptions of our Associates are the basic source of The Conference Board's income. Subscription income has grown at a steady, modest rate for a long period of time, but in recent years the increase has been entirely consumed by inflation. In order to maintain a dynamic program responsive to the changing informational needs of its Associates, the Board had turned with growing frequency to outside funding for special research projects. When our planning process was initiated two years ago, it was clear that the Board had become too dependent upon outside income, inasmuch as these funds were often unpredictable and sometimes forced us into projects that were peripheral to



The management team at The Conference Board. Left to right are Kenneth A. Randall, president and chief executive officer; R. Michael Harter, vice president, finance; Charles J. Ferrero, vice president, development; and, David A. Weeks, vice president, research.

our core program. Indeed, one of the planning objectives was to delineate the core program, and in this we received invaluable help from the many Associates who responded generously and thoughtfully with their assessments of the Board's work.

The difficulties inherent in outside financing became critical in the past year when extraordinary expenses associated with negotiation of leases, the International Industrial Conference, and the opening of our European office combined with a shortfall in expected outside funding to leave us with an excess of expenses over income of \$580,469. These results signaled the need to implement our full plan.

Two of the three phases of this plan have been accomplished. We have trimmed our program to eliminate peripheral activities that were funded primarily by outside sources of income, and we have reorganized to equip the Board with more direct and efficient lines of authority and communication under a talented young management team.

David A. Weeks, 45, is now vice president for research and my deputy in my absence. Mr. Weeks is

intimately acquainted with The Conference Board, having joined the organization in 1964, after five years of service with IBM and three years with Research Institute of America. He was director of compensation and labor relations research until last year, when I asked him to take on broad new duties as assistant to the president for development. He now has reporting to him all areas of research, the Publications and Communications Division, the Planning Department, and Computer Programming and Development.

Charles J. Ferrero, 40, came to The Conference Board in 1977 as vice president, associate relations and is now vice president, development. He is responsible for promotion and marketing activities, including the Conference Division, advertising in the monthly magazine *Across the Board*, Public Information, and United States and International Associate Relations. Mr. Ferrero has had an extensive career in marketing, including experience in advertising and public relations, and before joining the Board he headed up United Virginia Bankshares' marketing program as a senior vice president.

R. Michael Harter, 34, left William S. Paley & Company in July of this year to complete the Board's new management team as vice president,

finance. Mr. Harter holds degrees in accounting and law and was controller of the law firm of White & Case for three years before becoming financial consultant to Mr. Paley. His responsibilities at The Conference Board include the Treasury, Office Services, and Accounting and Administrative Services.

The management of all parts of the Board's United States operations and support of a number of its worldwide activities are divided among these three young men. It is gratifying to observe how closely and efficiently they are working together.

The presidents of The Conference Board in Canada and The Conference Board in Europe also report directly to me under our new management mode, enabling us to maximize the interrelationship between the Board's various offices to the benefit of Associates everywhere in the world.

With the new organization functioning smoothly, and with our program trimmed back to the core services which the Board has traditionally offered, we are ready for the third phase of our plan—the strengthening of basic income sources to provide for major new program areas.

Capital formation, the relationship between risk and reward, and the effects of government regulation are three major problems that beset today's market economies and the corporations functioning within them. The Conference Board has done work in all three areas, but much more can and should be done to sharpen the focus in order that business and government leaders can come to grips with them. With the help of our Associates, we will step up our efforts dramatically.

Research programs would try to answer questions concerning the adequacy of capital for long-term

economic growth under varying national conditions. Several projects would be undertaken to look for systems of compensation that will overcome inflation and tax inequalities as well as encourage risk-taking, innovation and increased productivity. A cycle of projects could be designed to further the objective understanding of government regulation and its effects on corporate choices.

The Conference Board has firmly established and widely recognized expertise in all three of these fields of study. However, to step up our investigations to the levels demanded by the new urgency of these problems will require a significant increase in our income. A program to achieve this is being activated now with the full participation of our trustees and other leading supporters of the Board.

A difficult year was further complicated by the unexpected resignation of our chairman, G. William Miller, upon his appointment to the chairmanship of the Federal Reserve Board. The Conference Board's loss is the nation's gain, however, and we are delighted that this extremely important position is in the hands of a man as uniquely talented and competent as Mr. Miller. As for The Conference Board, we count ourselves fortunate indeed that Frank T. Cary, chairman of the board of International Business Machines Corporation, agreed to add to his many responsibilities by accepting the chairmanship of our organization. His broad vision and solid judgment have been of immeasurable help during the trials of the past few months.

The Conference Board stands on a firm foundation and our course for the future is clear. The staff is highly motivated and eager to get on with the job. With the renewed support that I am confident will be forthcoming from our Associates, a productive and rewarding period lies just ahead.



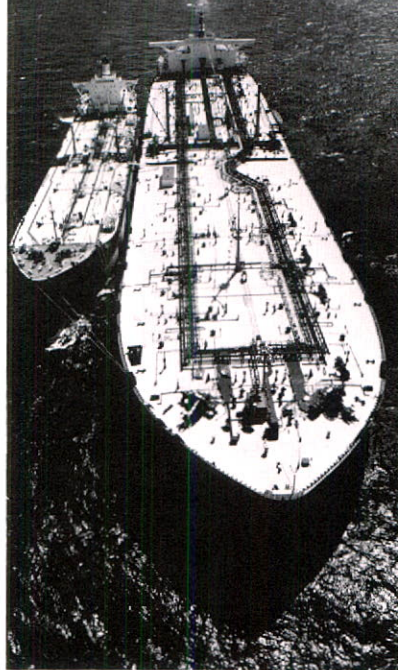
Frank T. Cary, chairman of the board of International Business Machines Corporation and chairman of the board of trustees of The Conference Board.

Kenneth A. Randall
President

The Conference Board

business information
is its business

The Conference Board is indebted to the many Associate organizations around the world that contributed photographs of their activities to illustrate this report.



Exxon Corporation, *United States*

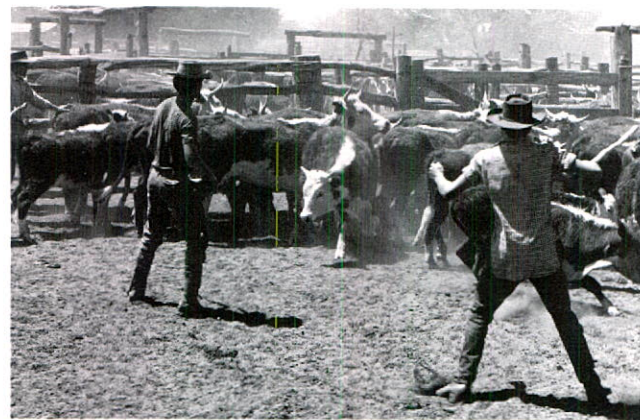
The business of The Conference Board is to create factual and usable business information. It has been performing this role for 62 years and has earned a sterling reputation as one of the world's foremost international institutions for the objective scientific study of business operations and economic trends.

As the Board's mission on the cover of this report implies, there are two purposes for the organization's work:

One is to improve managerial performance among supporting



Citicorp, N.A. *United States*



The Broken Hill Proprietary Company Limited, *Australia*



Holland America Cruises, *Netherlands*

Mitsui & Co., Ltd., *Japan*



Associate organizations by providing executives with timely analyses of socioeconomic conditions and by encouraging them to share their business know-how and experience with each other through research and conferences.

The other purpose is to improve society's understanding of the business and economic system in order that the public may better be able to evaluate business performance and the conditions that affect it.

The Conference Board is a not-for-profit corporation. Its work is supported by the subscriptions of some 4,000 Associates. Forty percent of the Board's Associates are non-United States organizations located in more than 40 nations of the world. The largest bloc of Associates is comprised of business concerns, but there are no limitations on who may become an Associate of the Board. Among its supporters are labor unions, col-

leges and universities, public libraries, government agencies at all levels, and a growing number of individuals.

The Conference Board is incorporated as an educational institution. It picks up where college left off for tens of thousands of executives who use its research and meetings to keep current on the latest techniques and developments in an ever-changing array of business and socioeconomic issues.

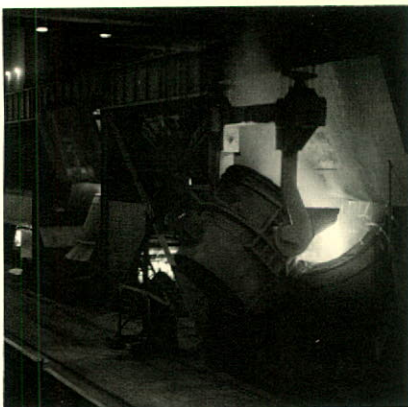
The same information that Associate executives receive is provided to the public through the news and information media, to authors and scholars, and to academic institutions.

The Board studies business, but it is not a spokesman for business. It is a fact-finding agency whose credibility depends upon the objectivity of its research and its strict avoidance of advocacy positions.

The Conference Board studies practices and problems commonly found across the spectrum of business and industry. Many consultants and associations do ex-

cellent research of a specialized nature for individual companies and industries. The Board does not duplicate these efforts; its special contribution since its beginning in 1916 has been to broaden company and industry perspective through macro rather than micro investigations.

Headquarters of The Conference Board, Inc., is in New York City. A staff of some 250 persons at that location provides research and other services to Associates worldwide and conducts the United States program. The Conference Board in Canada was organized in 1954 and currently employs 70 Canadians in Ottawa, conducting an expanding program meeting regional needs. The Conference Board in Europe opened in Brussels last year and is developing a program of pan-European research and conferences.



Bethlehem Steel Corporation, *United States*



Canadian Broadcasting Corporation, *Canada*

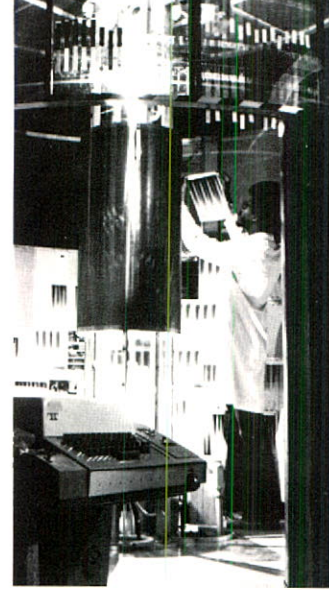
American Airlines, Inc., *United States*



SGV & Co., *Philippines*



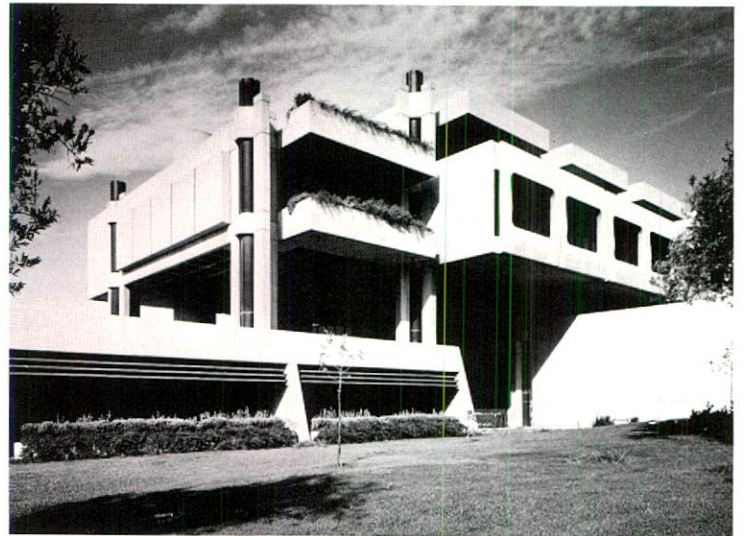
Trans-Canada Telephone System, *Canada*



Eastman Kodak Company, *United States*



Centre for Management Development, *Nigeria*



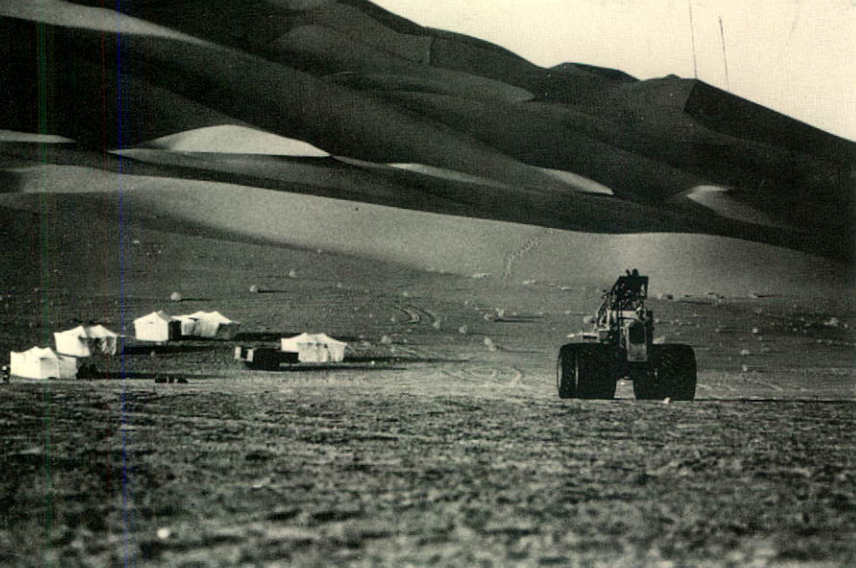
General Cement Co., S.A., *Greece*



DESC Sociedad de Fomento Industrial, S.A. de C.V., *Mexico*



The Singer Company, *United States*



Arabian American Oil Company, *Saudi Arabia*



The Goodyear Tire & Rubber Company, *United States*



Canadian National Railways, *Canada*



International Business Machines Corporation, *United States*



Prentice-Hall, Inc., *United States*

How do Associates use the Board?

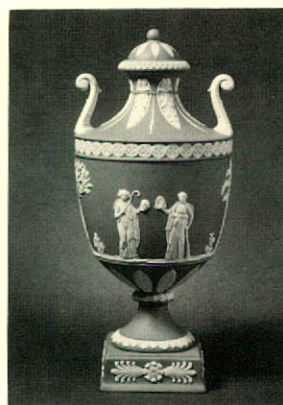
There are four major elements to The Conference Board's program that benefit subscribing Associates.

Three of these benefits are derived from the continuous flow of timely, pertinent information developed through soundly designed research; the opportunities for exchange of ideas and experience afforded by the more than 150 meetings conducted during an average year; and access to a vast reservoir of knowledge through information services available exclusively to Associates.

The fourth benefit is the strength that The Conference Board lends to the entire business system by providing the public with a window through which to view the way business works in free market economies.



C. A. Venezolana de Cementos, *Venezuela*



Wedgwood, Inc., *United Kingdom*

Research

Research is the foundation of all of The Conference Board's activity. It is directed at the interests and responsibilities of chief executive officers, directors and principal corporate decision makers. A typical study approaches its subject from one of two directions: either it examines current management initiatives in dealing with new as well as long-established company activities; or it analyzes outside forces affecting, or expected to affect, corporate operations.

An example of internally oriented research is the ongoing study of the relationship of directors to their corporations. The most recent project in this series examines the manner in which corporations compensate their board members. Some 898 companies contributed information to the project, and the result is a comprehensive picture of prevailing practices

in directors' fees and retainers, their fringe benefits, travel and other expenses, and liability insurance.

Internally oriented studies of this nature cover a full range of management activities. Marketing, finance, management development, organization planning, compensation practices, pension and insurance programs, corporate philanthropy . . . are only a few of the activities that the Board explores in great depth to learn how and why companies handle things as they do.

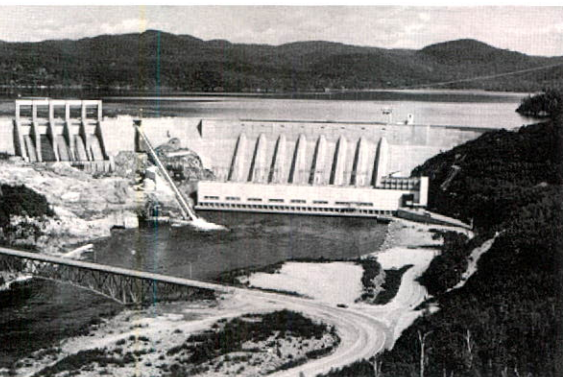
Conference Board examinations of outside forces affecting business take many forms. Virtually all of the Board's economic research falls into this category, ranging from the development of continuing series of data on such subjects as capital appropriations, help-wanted advertising, and consumer confidence and buying plans, to periodic analyses and interpretations of the business climate and major factors influencing it—such as antitrust enforcement and fiscal and monetary developments.

Corporate leaders today are devoting increasing amounts of

their time and effort to sociopolitical issues. The Board's public affairs research helps them to identify the truly significant movements in this often-confusing arena and offers penetrating insight into corporate response to these external pressures.

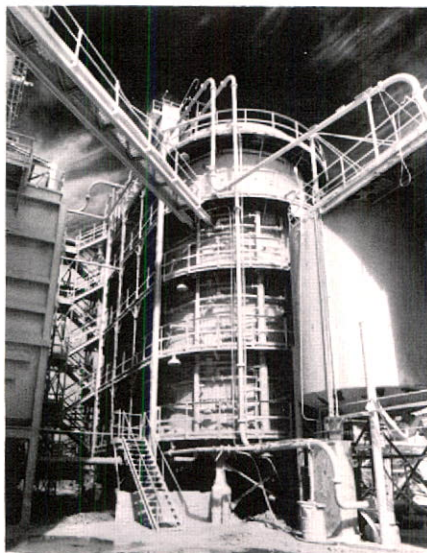
Publications are one of the ways that the Board distributes the results of its work. During a typical year, Associates can select from approximately 200 research documents from The Conference Board. These take a variety of forms—from single sheet tables, charts or text to major studies of several hundred pages. A professionally edited monthly magazine, *Across the Board*, is included in the Associate subscription; an on-line data base consisting of 739 time series plus regular economic forecasts is available exclusively to Associates by special subscription.

The Board's publications are written for business audiences and considerable effort is devoted to making them clear, concise and objective.



Hydro-Quebec, Canada

Basic Incorporated, United States



Hewlett-Packard, United States

Meetings

The Conference Board was born out of a series of weekend business meetings, and spoken communication has played an important role in the organization's program ever since.

The original meeting, held in 1915 at Yama Farms Inn in New York's Catskill Mountains, brought together 23 business leaders for candid discussion of what they termed "the industrial dilemma" of that day. It established a pattern of off-the-record weekend meetings at which invited chief executives engage in frank, unstructured discussion of the problems and opportunities facing business. Today, Yama-style regional meetings are conducted throughout the year in various regions of the United States and in Canada, Europe, Latin America, and the Pacific Basin.

Meetings of the Board's research councils are a variation on the Yama-style sessions. The research councils are comprised of outstanding corporate executives actively engaged in specialized fields—marketing, finance, economics and public affairs, to name a few. Council members meet periodically to examine problems and opportunities in their specialties, and from their discussions come many of the ideas that ultimately result in Conference Board research.

Another variation on both

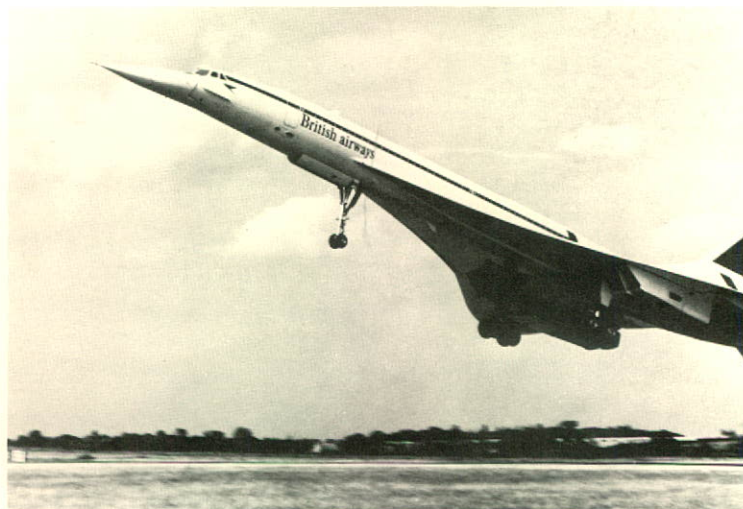
Yama-style and council meetings is currently under experiment. They are called workshops, and they bring together executives who have either experience with, or an interest in, doing business in a specific foreign country. The discussions run the gamut of the socio-political-economic issues in each host nation that affect the climate in which foreign business must operate. Workshops were held this year on South Africa and Nigeria, and the exchange of experience that they fostered was encouraging. As a result of their success, the Board will use the workshop technique in the study of various other newly emerging business problems and opportunities.

Briefings, seminars and courses are the three types of instructional meetings conducted by the Board. In all three, the "faculties" are almost exclusively Conference Board research specialists and the subjects presented are those on which the Board has done extensive work. They range from a full week for some courses to as little as a half-day for some briefings and seminars. The lengthier courses are

intended to broaden and update executive knowledge in such subjects as economics and management and personnel administration, while briefings and seminars deal with more specific issues, such as consumer economics, the labor force outlook, international compensation, and product recalls.

In 1915, the creators of The Conference Board intended that the organization would sponsor "industrial congresses . . . to afford business leaders an opportunity to discuss among themselves and yet within full hearing of the public, questions that are of paramount importance to the development of national prosperity." This idea finds expression today in the open conferences conducted by the Board's United States, Canadian and European offices. Conferences are held on a great variety of business and socioeconomic subjects. Speakers are drawn from business, government, labor, academia and any other institution that can offer expertise on the subject under discussion. The news media are invited to cover conferences without restriction, and whenever possible special arrangements are made for attendance from the educational community.

British Airways, *United Kingdom*



The Washington Post Company, *United States*



Information Service

To the astonishment of many Associates using Information Service for the first time, The Conference Board will search out facts and data for them in response to their specific requests. This is another means that the Board employs to disseminate research data and interpret the findings.

Information Service is available in all three Conference Board locations—New York, Ottawa and Brussels—and Associates anywhere in the world are invited to submit their inquiries by telephone, mail or personal visit to whichever office is most convenient. In the great majority of cases, they receive their answers within 24 hours.

Data developed through Conference Board research provides a

part of the information available through this service, but much of it comes from other reliable sources as well. The New York office maintains a 25,000-volume library and 10 professional information specialists are on the staff; Ottawa has a 4,000-volume library and 4 professionals. The Brussels office is only in the earliest stages of organization, but it is significant that information service was one of the first positions to be filled.

The information delivered to Associates ranges from a single statistic, to case histories, to a literature search culminating in a brief bibliography. The U.S. office is particularly noted for its ability to locate statistical data, and most often can give an immediate response to a telephoned inquiry. Indeed, a Federal agency recently became an Associate of the Board because its director learned that he could obtain government statistics far more efficiently through Information Service than he could through the bureaucracy. The Ottawa office has had a somewhat

different experience. Only one out of four of its inquiries concerns statistical data, and the remainder require more extensive and time-consuming searches.

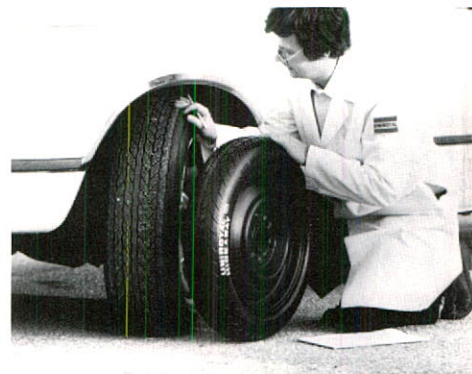
Associates are welcome to visit the Board's libraries, where reference librarians are on hand to assist them. Whenever possible, they will be provided with photocopies of the material they need, and they also have the privilege of borrowing from the Board's collections.

As part of its program of cooperation with education, college professors are also permitted to use the Board's libraries, whether or not their institutions are Associates.



The Standard Oil Company (Sohio), *United States*

Kerr-McGee Corporation, *United States*



Uniroyal, Inc., *United States*

Public Information

The founders of The Conference Board were distressed by the public's low opinion of business, and legislation proposed in response to this opinion. They recognized that criticism of business stemmed partly from legitimate grievances and partly from lack of understanding, and they believed that it could be mitigated if business decisions, legislative action, and public opinion all were to rest on fact, dispassionately developed and impartially presented. An informed management, they reasoned, would give proper attention to the impact of business activity on the public welfare; an informed public, fairly treated by business, would recognize the value of the system and reject the demagoguery that threatened to destroy it.

The Board today is steadfast in its belief that a well-informed public is to everyone's advantage. It acts upon its convictions by making public its information through the news media and the academic community, whose writers and editors, teachers and scholars independently assess its worth. The heavy degree to which they draw upon the Board as a reliable source of objective information for their audiences is a measure of the Board's acceptance.

Members of the working press are welcome to everything that The Conference Board publishes. To stimulate its use, news releases are issued on virtually all research products, reporting to the public the

most newsworthy and significant findings. Reporters, columnists, broadcasters and other media representatives are invited to cover the Board's open conferences anywhere in the world. The U.S. and Canadian libraries, and the accumulation of more than 60 years of research, are available to media people when facts and perspectives are needed, and senior research specialists devote appreciable time to assisting news people with interviews and background information.

The Board cooperates with the academic community in a number of ways.

Colleges and universities may become Associates at a very preferential support level, and anyone connected with education may purchase Board reports at the Associate discount. Authors wishing to incorporate Board material in scholarly works are provided with research reports at no charge. Over the years, facts and data developed by the Board have appeared in thousands of textbooks.

Some 25,000 teachers and administrators at all educational levels receive regularly, at their request, the Board's bimonthly chart series, *Economic Road Maps*. The Road Maps and other research material are also contributed to the

Joint Council on Economic Education for use in summer workshops providing thousands of elementary, junior high, and high school teachers with a basic knowledge of economics. The cost of these contributions to economic education is borne by The Conference Board out of funds regularly derived from Associate support.

Last year, the Board suggested to some of its Associates that they sponsor subscriptions for the colleges of their choice. More than 40 colleges were added as Associates through this program. Also during the year, more than 400 students and faculty members from 16 colleges throughout the United States visited the New York office for group discussions with various research specialists.

The Conference Board is many things to many people. It is research reports to some, a convener of meetings to others, a telephone number to call when facts are needed in a hurry, a source of information quoted in your local newspaper. No single name can capture all of these facets.

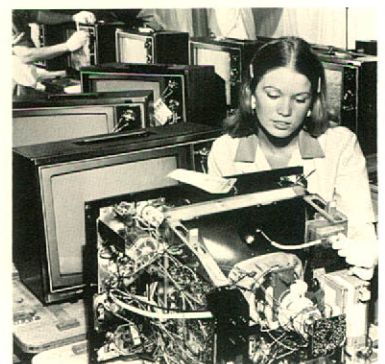
Boiled down to its essence, however, the Board's many activities converge on one objective: to encourage the sharing of information for the common good of all.

This has been the organization's major contribution over the 62 years of its existence.



Allied Chemical Corporation, *United States*

Siemens AG, *West Germany*



Sony Corporation of America, *Japan*

Trustees



Frank T. Cary
Chairman of the Board
International Business Machines Corporation
(elected chairman of The Conference Board March 16, 1978)



Kenneth A. Randall
President
The Conference Board

G. William Miller
(Chairman of The Conference Board until
March 16, 1978 when he resigned on
appointment as Chairman of the
Federal Reserve Board)



William O. Beers
Chairman of the Board Kraft, Inc.
Vice Chairman
The Conference Board



Katharine Graham
Chairman of the Board
The Washington Post Company



John T. Connor
Chairman of the Board
Allied Chemical Corporation
Vice Chairman
The Conference Board



John W. Hanley
Chairman of the Board and President
Monsanto Company

Robert S. Hatfield
Chairman of the Board
The Continental Group, Inc.



Roger E. Anderson
Chairman of the Board
Continental Illinois National Bank
and Trust Company of Chicago



Clifton C. Garvin, Jr.
Chairman of the Board
Exxon Corporation

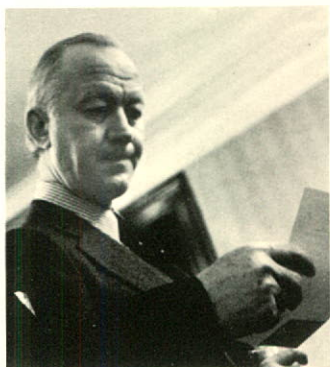


Fletcher L. Byrom
Chairman of the Board
Koppers Company, Inc.

The business and affairs of The Conference Board are managed by 31 trustees, including the president, ex officio. They are active managing officers of companies or other institutions, and their function with The Conference Board is comparable to that of directors of commercial enterprises. Trustees are elected to three-year terms by members of the corporation, who are comparable to the stockholders of a business.

The president and other staff officers conduct the day-to-day activities of the Board. The president reports formally to the trustees on the Board's operations and plans five times a year, and to the members of the corporation at the annual meeting.

From among the trustees there are designated certain committees that review various areas of Board management and that report to the board of trustees.



J. W. Burns
President
The Great-West Life
Assurance Company



W. H. Krome George
Chairman of the Board
Aluminum Company of America

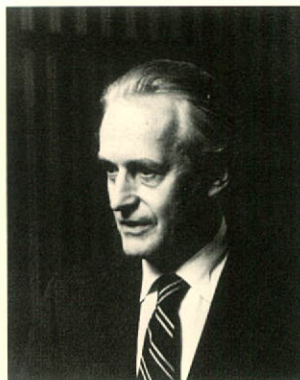


Irving S. Shapiro
Chairman of the Board
E. I. du Pont de Nemours
& Company

John D. deButts
Chairman of the Board
American Telephone and Telegraph Company
Vice Chairman
The Conference Board



David C. Scott
Chairman and President
Allis-Chalmers Corporation
Vice Chairman
The Conference Board



Charles F. Barber
Chairman of the Board
ASARCO Incorporated



Ian MacGregor
*Honorary Chairman
AMAX Inc.*



Jack S. Parker
*Vice Chairman of the Board
General Electric Company*



Alfred Powis
*Chairman and President
Noranda Mines Limited*



Arjay Miller
*Dean, Graduate School of Business
Stanford University*



Charles F. Luce
*Chairman of the Board
Consolidated Edison Company
of New York, Inc.*



Louis W. Menk
*Chairman
Burlington Northern Inc.*



Edward L. Palmer
*Chairman of the Executive Committee
Citibank, N.A.*

These executives have been nominated for election
as trustees at the annual meeting
September 13, 1978:

C. R. Dahl
*Chairman
Crown Zellerbach Corporation*

Edward G. Harness
*Chairman of the Board
The Procter & Gamble Company*

Lee L. Morgan
*Chairman of the Board
Caterpillar Tractor Co.*

Jacques Solvay
*Chairman
Solvay & Cie., S.A.*



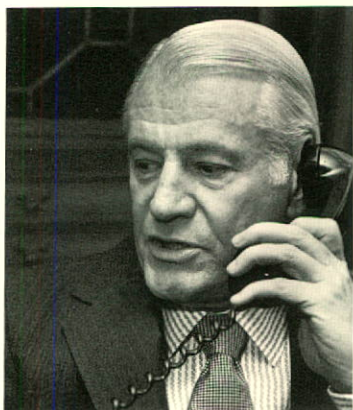
Mark Shepherd, Jr.
Chairman
Texas Instruments Incorporated



W. F. Rockwell, Jr.
Chairman of the Board
Rockwell International Corporation



G. A. Wagner
Chairman of the Supervisory Board
Royal Dutch Petroleum Company

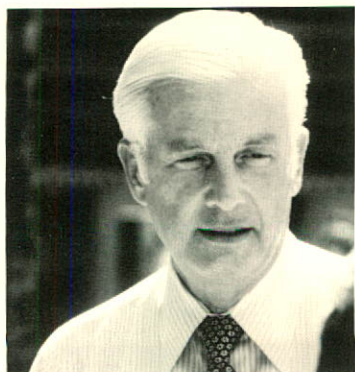


O. Pendleton Thomas
Chairman of the Board
The B. F. Goodrich Company



John A. Love
President
Ideal Basic Industries, Inc.

W. I. M. Turner, Jr.
President
Consolidated-Bathurst Limited



Herbert C. Cornuelle
President
Dillingham Corporation



Donald S. MacNaughton
Chairman of the Board
The Prudential Insurance Company of America

Canadian and European Councils

The Canadian and European Councils provide guidance to the presidents of The Conference Board in Canada and The Conference Board in Europe regarding basic policy, general program direction and sources and application of income. Through their chairmen, the Councils offer periodic appraisals of the Canadian and European operations to the president and trustees of The Conference Board, Inc.

Canadian Council

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J. W. Burns

President

*The Great-West Life Assurance Company
Winnipeg*

Vice Chairman:

Alfred Powis

*Chairman and President
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Toronto*

Michel Bêlanger

*President
La Banque Provinciale du Canada
Montreal*

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*President
The Molson Companies Limited
Toronto*

Marcel Cazavan

*President and General Manager
Caisse de Dépôt et Placement du Québec
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Saint John*

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Montreal*

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*President
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A. J. Lewington

*Deputy Chairman
Eastern Provincial Airways (1963) Ltd.
Gander*

Lorne K. Lodge

*Chairman and President
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Don Mills*

John Macnamara

*President
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*President
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Member Ex Officio:

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*President
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Wood Gundy Limited
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Michael F. Mitchell

*President
Intercontinental Packers Limited
Saskatoon*

Brian Mulroney

*President
Iron Ore Company of Canada
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*President
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Vancouver*

Edward L. Palmer

*Chairman of the Executive Committee
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*President
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R. P. Purves

*President
Inter-Ocean Grain Company Limited
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Kenneth A. Randall

*President
The Conference Board, Inc.
New York, New York*

J. Robert René de Cotret*

*President
The Conference Board in Canada
Ottawa*

Cedric E. Ritchie

*Chairman and President
The Bank of Nova Scotia
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J. William Ritchie

*President
Scotia Bond Company Limited
Halifax*

Ian C. Rush

*President
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David C. Scott

*Chairman and President
Allis-Chalmers Corporation
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H. B. Scott

*President
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Edmonton*

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*President
Redpath Industries Limited
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Mark Shepherd, Jr.

*Chairman
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Dallas, Texas*

R. Stollery

*Chairman
Poole Construction Limited
Edmonton*

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*President
Consolidated-Bathurst Limited
Montreal*

W. O. Twaits

*Former Chairman of the Board
Imperial Oil Limited
Toronto*

European Council

Chairman:

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*Chairman of the Supervisory Board
Royal Dutch Petroleum Company
The Netherlands*

Giovanni Agnelli

*Chairman
FIAT, S.p.A.
Italy*

J. W. Burns

*President
The Great-West Life Assurance Company
Canada*

Fletcher L. Byrom

*Chairman of the Board
Koppers Company, Inc.
United States*

Sir Reay Geddes

*Chairman
Dunlop Holdings Limited
England*

Veikko Makkonen

*President
Kansallis-Osake-Pankki
Finland*

Manfred von Mautner Markhof

*Chairman
Brauerei Schwechat AG
Austria*

Louis v. Planta

*Chairman
Ciba-Geigy Ltd.
Switzerland*

Kenneth A. Randall

*President
The Conference Board, Inc.
United States*

Jacques Solvay

*Chairman
Solvay & Cie., S.A.
Belgium*

Dieter Spethmann

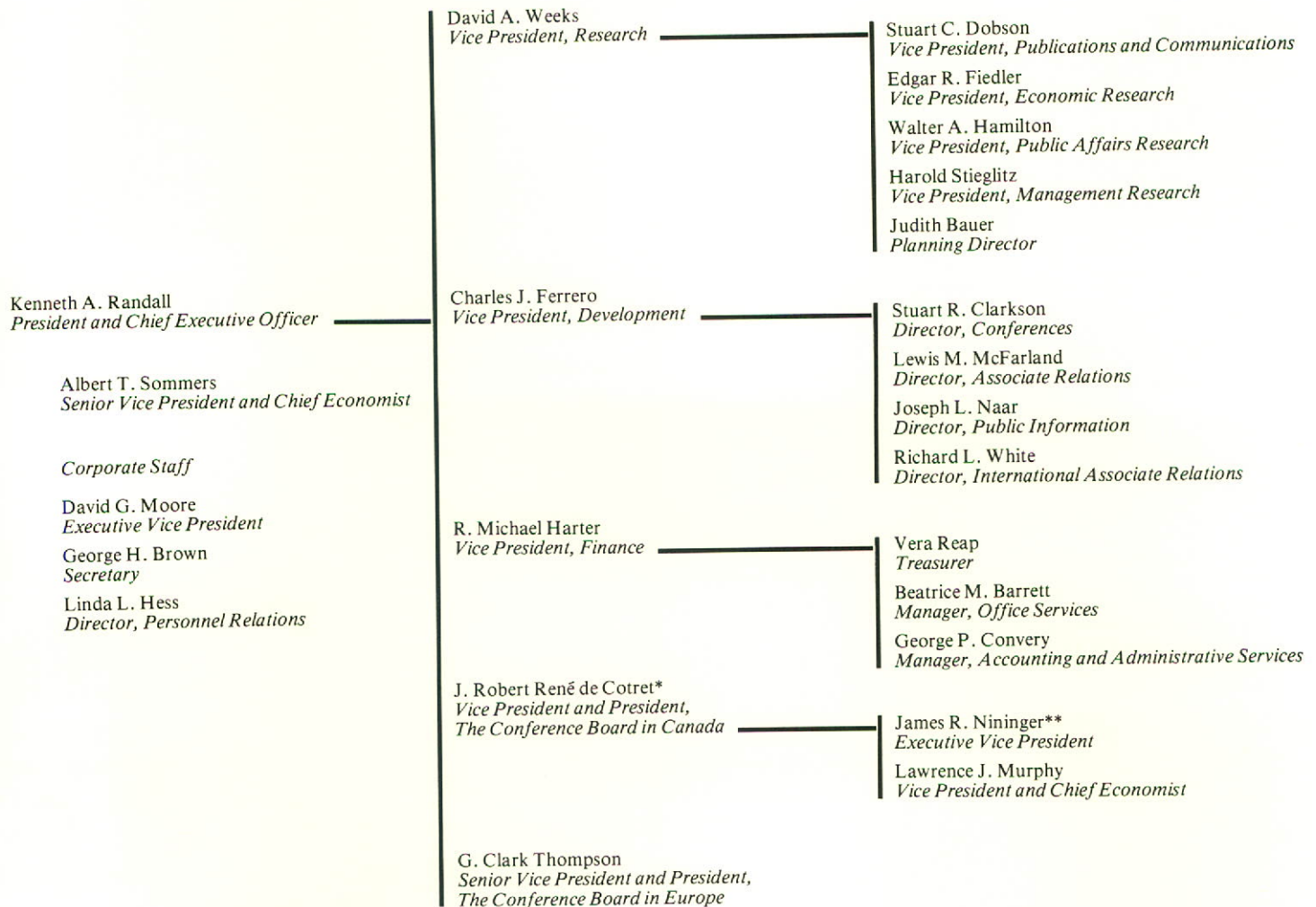
*Chairman of the Executive Board of Directors
August Thyssen-Hütte AG
Germany*

Marcus Wallenberg

*Honorary Chairman
Skandinaviska Enskilda Banken
Sweden*

*on leave of absence

Administrative Organization



*on leave of absence

**in charge during Mr. de Cotret's leave of absence

Councillors

Periodically since 1925, The Conference Board has recognized the outstanding contributions to business and society of a few individuals by electing them to the office of councillor. The office is the only honor that The Conference Board bestows. A councillor is a voting member of the corporation for life.

Three distinguished business leaders have been nominated as councillors for election at the Board's annual meeting September 13, 1978.

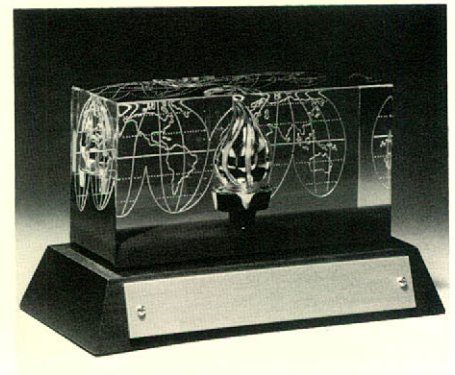
They are:

John D. Harper, director and retired chairman of the board, Aluminum Company of America, Pittsburgh

J. E. Jonsson, honorary chairman, Texas Instruments Incorporated, Dallas

Fausto R. Miranda, senior partner, Miranda y Estavillo, Mexico City

Following their election, the new councillors will be presented with the symbol of their office pictured here.



Statements of Financial Position

(All Funds Combined)

The Conference Board, Inc.

	May 31	
	1978	1977
Assets		Restated—Note 1
Cash	\$ 177,812	\$ 197,213
Investments:		
U.S. Government securities—at cost and accrued interest (approximate market) . . .	3,987,545	4,395,124
Commercial paper and certificates of deposit—at cost and accrued interest (approximate market)	1,681,686	1,885,109
Commercial bonds—at cost (approximate market)	103,290	52,187
Common stocks, at market value—Note 2	562,999	522,670
	6,335,520	6,855,090
Accounts receivable for subscriptions, conferences, courses and seminars, etc.— less allowance for doubtful accounts (1978—\$29,514; 1977—\$30,214)	1,641,215	1,193,354
Inventory of paper for publications, at average cost	13,118	27,351
Furniture, equipment and leasehold improvements at cost, less allowances for depreciation and amortization (1978—\$125,410; 1977—\$93,924)—Note 1	289,798	202,223
Prepaid expenses and other assets	306,729	334,466
	<u>\$8,764,192</u>	<u>\$8,809,697</u>

Liabilities and Fund Balances

Accounts payable and other liabilities	\$ 784,064	\$ 632,581
Advance payments—special projects, conferences, etc.	267,333	344,185
Subscription income applicable to subsequent period operations.	4,679,210	4,248,677
Fund balances:		
Operating fund:		
Undesignated	79,619	516,489
Reserve for program maintenance	318,450	568,450
Reserve	2,138,620	2,081,650
Development	471,094	394,163
Gifts and bequests	25,802	23,502
	<u>3,033,585</u>	<u>3,584,254</u>
	<u>\$8,764,192</u>	<u>\$8,809,697</u>

See notes to financial statements

Statements of Revenue and Expenses

(All Funds Combined)

The Conference Board, Inc.

	Year Ended May 31	
	1978	1977
Revenue		Restated—Note 1
Subscriptions	\$ 8,688,285	\$ 8,050,716
Conferences and courses	1,925,655	1,819,684
Financed research	2,529,074	2,085,167
Sale of publications	348,189	310,469
Contributions to development fund	53,700	151,725
Interest and dividends	388,442	391,237
Other	96,694	19,086
Total Revenue	\$14,030,039	\$12,828,084
Expenses		
Salaries	\$ 6,759,927	\$ 6,239,985
Employee benefits	866,239	795,256
Payroll taxes	261,912	254,881
Travel and entertaining	597,932	475,609
Outside costs—conferences and courses	536,278	446,813
Outside printing	1,344,561	1,038,091
Paper and supplies	299,993	330,231
Postage	690,507	493,926
Depreciation and amortization	31,486	23,974
Books, periodicals and services	77,466	77,202
Rent—equipment	1,134,966	771,183
Rent—space	758,527	639,021
Maintenance and repairs	88,320	60,490
Auditing and legal	151,789	53,495
Insurance	31,337	29,004
Technical services	586,076	414,363
Telephone and telegraph	249,099	201,537
Other	144,093	146,100
Total Expenses	\$14,610,508	\$12,491,161
Excess (Deficiency) of Revenue over Expenses	\$ (580,469)	\$ 336,923

See notes to financial statements

Statements of Changes in Fund Balances

Two Years Ended May 31, 1978

The Conference Board, Inc.

		Operating Fund				
	Total	Undesignated	Reserve for Program Maintenance	Reserve Fund	Development Fund	Gifts and Bequests Fund
Balances, June 1, 1976, as previously reported—Note 1	\$3,154,737	\$ 274,775	\$ 557,450	\$2,070,952	\$229,925	\$21,635
Add adjustment for the cumulative effect on prior years (to May 31, 1976) of changing the accounting method for furniture, equipment and leasehold improvements—Note 1	196,594	196,594				
Balances, June 1, 1976, as restated	3,351,331	471,369	557,450	2,070,952	229,925	21,635
Excess (deficiency) of revenue over expenses, as restated—Note 1	336,923	56,120		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, as restated . . .	3,584,254	516,489	568,450	2,081,650	394,163	23,502
Excess (deficiency) of revenue over expenses	(580,469)	(774,870)		115,170	76,931	2,300
Interfund transfer—to (from)		338,000	(250,000)	(88,000)		
Decrease in net unrealized loss on common stocks—Note 2	29,800			29,800		
Balances, May 31, 1978	<u>\$3,033,585</u>	<u>\$ 79,619</u>	<u>\$ 318,450</u>	<u>\$2,138,620</u>	<u>\$471,094</u>	<u>\$25,802</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 the Board of Trustees.

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 recorded 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.

In prior years, the Board had charged to operations additions to furniture, equipment and leasehold improvements. In order to conform to the recommendations of the American Institute of Certified Public Accountants "Proposed Statement of Position on Accounting Principles and Reporting Practices for Nonprofit Organizations Not Covered by Existing AICPA Audit Guides," the Board has decided to capitalize and depreciate major pur-

Statements of Changes in Financial Position

(All Funds Combined)

The Conference Board, Inc.

	Year Ended May 31	
	1978	1977*
Application (Source) of Funds from Operations		
		Restated—Note 1
Deficiency (excess) of revenue over expenses	\$ 580,469	\$ (336,923)
Depreciation and amortization included in operations not affecting funds	(31,486)	(23,974)
Funds Applied to (Provided by) Operations	548,983	(360,897)
Other Applications		
Purchase of furniture, equipment and leasehold improvements	119,061	29,603
Increase in accounts receivable	447,861	117,771
Decrease in advance payments	76,852	137,018
Total Applications	1,192,757	(76,505)
Other Sources		
Decrease in investments exclusive of (increase) decrease in market valuation allowance of \$29,800 and \$(104,000) in 1978 and 1977, respectively	549,370	45,940
Decrease in inventory	14,233	22,434
(Increase) decrease in prepaid expenses and other assets	27,737	(200,872)
Increase (decrease) in accounts payable and other liabilities	151,483	(110,035)
Increase in deferred subscription income	430,533	227,199
Total Sources	1,173,356	(15,334)
Increase (decrease) in cash	(19,401)	61,171
Cash balances at beginning of year	197,213	136,042
Cash Balances at End of Year	\$ 177,812	\$ 197,213

See notes to financial statements

*Reclassified to conform to 1978 presentation

changes of furniture, equipment and leasehold improvements (using the straight-line method over the estimated useful lives for furniture and equipment and the lease term for leasehold improvements) and to give retroactive effect to this practice. The effect on operations of restatement for the year ended May 31, 1977 was as follows:

Excess of revenue over expenses, as previously reported	\$331,294
Add adjustment to capitalize furniture, equipment and leasehold improvements	29,603
Less depreciation and amortization expense	(23,974)
Excess of Revenue over Expenses, as Restated	\$336,923

The June 1, 1976 opening balance in the undesignated operating fund has been increased by \$196,594 to reflect the cumulative effect on prior years of this change in accounting for furniture and equipment additions. The effect of the change in 1978 was to decrease the deficiency of revenue over expenses by \$87,575.

Current operations are charged with additions to library.

Note 2 Investments in common stocks are carried at market value, \$562,999 and \$522,670 at May 31, 1978 and 1977, respectively. The aggregate cost of common stocks at May 31, 1978 was approximately \$637,000 (May 31, 1977—\$626,000). At May 31, 1978 gross unrealized gains

and gross unrealized losses pertaining to common stocks amounted to approximately \$35,000 and \$109,000, respectively. At June 27, 1978 the aggregate cost of investments in common stocks was \$637,000; market value \$549,000. The Board has no present intention to liquidate the investments in common stocks.

Note 3 The Board has non-contributory pension plans covering most of its eligible employees. The total pension expense was approximately \$444,000 and \$437,000 for the years ended May 31, 1978 and 1977, respectively, including amortization of past service cost over 20 years. The Board has been funding pension costs accrued. At the most recent valuation date (June 1, 1977) the total of pension fund assets exceeded the related actuarially computed value of vested benefits.

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. The leased premises exceed the Board's present needs and, accordingly, the Board is attempting to sublet a portion of the premises which accounts for approximately \$90,000 of the annual rent.

Future minimum rental commitments under all non-cancelable leases are as follows:

	Data Processing Equipment	Office Space
1979	\$144,000	\$ 718,000
1980	144,000	723,000
1981	144,000	720,000
1982		626,000
1983		547,000
Thereafter		5,475,000
	<u>\$432,000</u>	<u>\$8,809,000</u>

In connection with the office space lease, the Board may make significant renovations to the leased space. The Board is entitled to a \$250,000 construction credit from the lessor (subject to reductions if certain conditions are not met) which will be accounted for as a reduction of renovation costs.

Note 5 Canadian currency exchange losses, resulting from translation of accounts denominated in Canadian dollars, included in other expenses for the years ended May 31, 1978 and 1977, amounted to \$14,800 and \$19,500, respectively.

Report of Ernst & Ernst, Independent Auditors

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

We have examined the statements of financial position of The Conference Board, Inc. as of May 31, 1978 and 1977, and the related statements of revenue and expenses, changes in fund balances and changes in financial position for the years then ended. 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, 1978 and 1977, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis after restatement for the change, with which we concur, in the method of accounting for furniture, equipment and leasehold improvements as described in Note 1 to the financial statements.

New York, N.Y.
July 7, 1978

Ernst & Ernst
E&E

On Becoming an Associate

Associate relations representatives are located in the United States, Canada, Europe and Latin America. The Board's representatives are available to discuss the benefits of association with The Conference Board and to work with new Associates to personalize the delivery of research materials and information to the needs of the organization.

The level of support that new Associates will contribute to the Board during the first year is established on a company-by-company basis, although the Board has minimum support levels. "Fees" to The Conference Board have always been voluntary contributions; however, rating guidelines by industry help to determine the suggested minimum level for each Associate.

One individual within each new Associate organization is usually designated as coordinator with The Conference Board and selects other company executives who will be involved with various Board activities. Specialized mailing services enable Associate executives to receive research reports and meeting notices best suited to their individual interests. These executives are notified periodically of all other reports published by the Board and may request any of them at no cost.

Board representatives also assist companies in determining the contents of the "starter library" of research reports that the Board provides to each new Associate, and they insure that there is an understanding of the information resources available to Associate staff members.

Subsequent adjustments in Associate arrangements with The Conference Board can be made at any time through the coordinators. In addition, Associate relations representatives work with Associate companies to guide them in making efficient use of the Board's services. They are responsible for the continuing educational efforts with Associate executives to insure that they receive maximum benefits from their Conference Board support.

Associate Relations

United States

Lewis M. McFarland
Director of Associate Relations
William A. Asbury
Robert V. Sentner, Jr.

Regional Directors

Donald M. Hill
Northeast
C. Butler Jellinghaus
New York
Robert S. Leaper
Great Lakes
William J. Murphy
West
Pamela J. Rader
Midwest
Thomas G. Reed
Southwest
George C. Reight
Southeast
Carol B. Sussman
Middle Atlantic

Canada

David Holt
Director of Development
Lee Baird
Director of Associate Relations

Europe

John D. Brennan
Director of Associate Relations

Regional Directors

Philippe J. Dennis
Belgium, France, Greece, Italy, Luxembourg, Portugal, Spain, Turkey
A. Lance Pope
Austria, Germany, Netherlands, Switzerland
Harald Westling
Denmark, Finland, Norway, Sweden

International

Richard J. White
Director of Associate Relations

Regional Director

Arthur Bennett
Brazil

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