

FACSIMILE TRANSMISSION

UNIVERSITY OF CALIFORNIA, SANTA BARBARA
COLLEGE OF ENGINEERING

RECIPIENT

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7. CMU agrees to make available appropriate levels of staff and office facilities for the proper functioning of the Institute. Staff shall be employees of CMU and subject to the University's standard employment policies. The Institute shall allocate their compensation according to the time they devote to Institute activities. Their assignment to the Institute shall be made by the Dean of GSIA in agreement with the President of the Institute.
8. The Institute shall have a Scientific Advisory Board. The Dean of GSIA shall make recommendations for members of the Advisory Board and such Advisory Board members shall be appointed by the Board.

The President of the Institute shall serve as Chairman of the Advisory Board. The Advisory Board shall have not less than seven nor more than fifteen members of whom at least half shall be from outside GSIA, and it shall include significant representation from outside the U.S.

The membership of the Advisory Board shall include the Dean of GSIA and the ~~GSIA~~ ^{CMU} faculty/member who serves on the Governing Board of the Institute.

On behalf of the Governing Board, the Advisory Board shall establish the research directions of the Institute, select and fund research projects and review the progress and quality of the research work. The Advisory Board shall report to the Governing Board on a regular basis.

9. The Institute's annual budget shall be approved by the Board who will then recommend the budget to the President and Board of Trustees of CMU for their approval.

The Institute shall aim to use at least 75% of the funds from the Bosch endowment to support research projects directly. A significant part of the research shall be carried out by GSIA faculty and students.

Any funding or revenues that the Institute may receive shall be subject to the Institute's and the University's established budgetary approval and review procedures.

CMU will receive reasonable reimbursement for office space, administration, computer resources and the like.

In general, the affairs of the Institute shall be conducted in accordance with established policies of CMU, governing such matters as faculty, finances and accounting, and university-business relations. Where appropriate, the Board may propose modifications of existing policies if experience shows the need to adapt to the goals and structure of the Institute.

Herb: just a minor correction on this page

Robert

THE BOSCH GROUP

In 1886, after having worked in the United States for Sigmund Bergmann and Thomas A. Edison, Robert Bosch opened a small workshop for precision mechanics and electrical engineering in Stuttgart. Today, Bosch is one of the largest industrial groups in West Germany, with activities in automotive equipment, telecommunication systems, consumer durable goods and industrial products. The production of automotive equipment is by far the strongest field, with more than 50 percent of sales.

In 1989, the Bosch Group had consolidated sales totaling DM 30 billion (more than \$17 billion) and employed more than 170,000 people.

Bosch set up foreign distributors well before the turn of the century, and soon thereafter began manufacturing abroad. The first

U.S. subsidiary, the Robert Bosch Magneto Company, was established in New York in 1906. In 1909, Bosch built a factory in Springfield, Massachusetts. The Bosch Group now has subsidiaries, affiliated companies and foreign representatives in 130 countries and employs 55,000 people outside Germany. More than 100 manufacturing facilities are located in Europe, the U.S., Latin America, Africa, Asia (including Japan) and Australia.

In the United States, the Robert Bosch Corporation is headquartered near Chicago in Broadview, Illinois, with operating groups, divisions, subsidiaries and joint ventures in 18 locations throughout the U.S., including a Research and Development Center near Detroit. In 1989, U.S. sales exceeded \$1 billion, and the corporation employed more than 5,000 people.

A technology-oriented enterprise, Bosch employs more than 12,000 scientists and engineers in

research and development and spent more than \$1 billion in this field in 1989. In addition to in-house research and development, the company has a long-standing history of working with universities and scientific institutions throughout the world.

Bosch is owned by the Robert Bosch Foundation, which is one of the largest charitable foundations in Germany. It was established to perpetuate the philanthropic ideals of the founder, and today owns approximately 90 percent of the stock of Robert Bosch GmbH. With income derived from dividends, the foundation supports public health and welfare, education, culture and sciences and international understanding. Besides focusing on German relations with France and Poland, one of the main goals is to strengthen the ties and understanding between the United States and Germany.

CARNEGIE BOSCH INSTITUTE

CARNEGIE BOSCH MISSION: TO IMPROVE INTERNATIONAL MANAGEMENT

With the establishment of the Carnegie Bosch Institute, the founders aim to provide a framework for the Carnegie Mellon business school and the Bosch Group to engage in research and educational activities in international management. Specifically, the Institute seeks:

to stimulate research

The Institute brings together highly qualified researchers for targeted projects in international management, particularly on problems of critical importance to the future of industry. Typically, each research study will proceed for one or two years and will focus on improving global management systems.

Among the key issues to be addressed are the designing and managing of innovative multi-national firms, the abilities of global organizations to function faster and better in complex and changing markets and the development of leadership skills in international management.

to disseminate knowledge

The Institute is charged with helping global organizations succeed in complex and changing markets. In order to do so, it will develop and deliver executive and continuing education. Its programs will focus the university's educational resources on the emerging needs of international corporations and will offer effective training in the Institute's fields of interest.

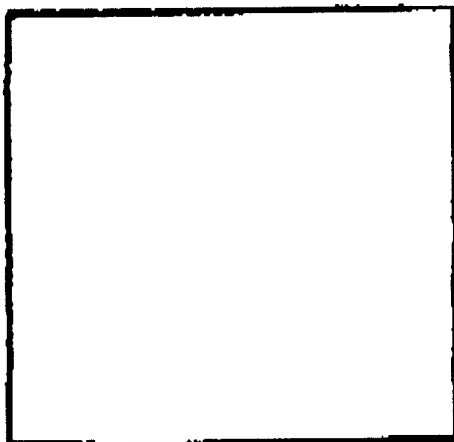
to foster international cooperation

The Institute will serve as a platform to bring together corporate, foundation and academic research partners from around the world to jointly develop new solutions for challenging problems.

CARNEGIE BOSCH COMMITMENT TO GLOBAL MANAGEMENT

The Carnegie Bosch Institute for Applied Studies in International Management is ideally suited to the development and dissemination of new concepts which will help international enterprises achieve success. The Institute hopes to provide:

- new frameworks for understanding the behavior of international firms.
- fruitful interaction between individuals of diverse backgrounds from around the world who are oriented in international management.
- effective communication of new knowledge in order to stimulate change in organizational and management practices throughout the world.



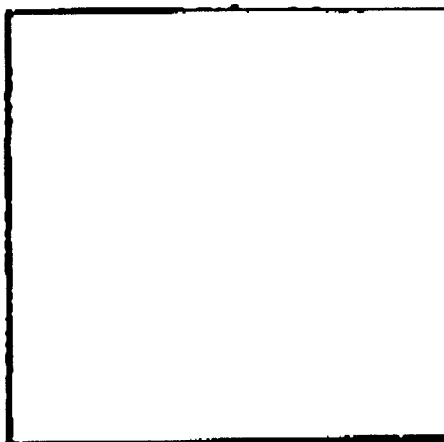
The Carnegie Bosch Institute represents the future. It merges two great organizations with the objective of increasing the world's knowledge base.

The Institute will do research on problems of significance to the international community. There will be an interest in problems of education as they impact on management and the broader world society. There will be a heavy emphasis on the relationship between management and technology. Another topic of critical importance will be problems of political economy, because international management intimately involves both government and the economic system. The study of decision processes will be of great significance as well.

The aim will be to make the Carnegie Bosch Institute the premier research organization for international management in the world.

Richard M. Cyert

President, Carnegie Bosch Institute
Sixth President, Carnegie Mellon University



We at Bosch are pleased to help establish the Carnegie Bosch Institute. Our funding of the Institute represents a major commitment to a better understanding of critical issues in international management. It also reflects the importance of the United States to Bosch's corporate objectives and our efforts to fully integrate the company into American society and, in particular, its scientific community.

By forming a new kind of partnership, the Institute is distinctive in its ability to bridge scientific research in international management and the practice of global corporations. Bosch is dedicated to the Institute's long-term success. We invite other corporate and university partners from around the world to join us in this effort. We strongly believe that the Institute is a promising investment in the future.

Hans L. Merkle

Managing Partner,
Robert Bosch Industrietreuhand KG

CARNEGIE MELLON UNIVERSITY

Carnegie Mellon University, one of the United States' top private institutions of higher learning, is a respected international center of interdisciplinary research and education.

Located in Pittsburgh, Pennsylvania, the university is recognized for its leadership and innovation in a number of disciplines and for the educational opportunities it provides for qualified students of all nations.

Carnegie Mellon was established in 1900 as Carnegie Technical Schools. Twelve years later, the Carnegie Technical Schools were renamed Carnegie Institute of Technology. In 1967, Carnegie Institute of Technology merged with the nation's first major contract research establishment, Mellon Institute, to become Carnegie Mellon University.

Today, the university has 530 full-time faculty members and a student enrollment of 6,500. The university includes seven undergraduate and graduate schools: Carnegie Institute of Technology, the College of Fine Arts, the College of Humanities and Social Sciences, the Mellon College of Science, the School of Computer Science, the School of Urban and Public Affairs and the Graduate School of Industrial Administration.

In addition, the university encompasses several major research affiliates, including the Software Engineering Institute, the Carnegie Mellon Research Institute and the Information Networking Institute. The Carnegie Bosch Institute is the first major research affiliate of the Graduate School of Industrial Administration, Carnegie Mellon's business school

Carnegie Mellon's tradition of academic and business partnership and innovation continues today as the university addresses the needs of international corporations through its interdisciplinary academic program and research centers. Business-related centers focus on the strategic development and marketing of new products, the introduction and assimilation of technology into the workplace, the impact of governmental public policy decisions, the perception and assessment of risk in the workplace and in everyday life and the development of entrepreneurship.

GRADUATE SCHOOL OF INDUSTRIAL ADMINISTRATION

Business leaders have long considered the Graduate School of Industrial Administration (GSIA), Carnegie Mellon's business school, a leader in the fields of management research and education. Since its founding in 1949, GSIA has been distinguished by an emphasis on management science, rather than management as an art understood through the case study method.

GSIA demonstrated that management is a subject worthy of systematic, analytic study and can claim much of the credit for two Nobel Prizes for modern finance theory, the foundations of artificial intelligence and operations research methods for business applications.

Today, the Graduate School of Industrial Administration continues to be a leader among business schools in these and other areas. In 1989, *Business Week's* "Guide to the Best Business Schools" noted: "More than in most schools, the faculty at Carnegie Mellon are at the leading edge of knowledge in their fields."

GSIA's faculty include distinguished practitioners and theorists in the disciplines of accounting, economics, finance, marketing, manufacturing production, management of information systems, organizational behavior and operations research. Interdisciplinary work by faculty members earns GSIA prominence in the areas of political economics, risk communication, crisis management, business strategy and product design and development.

A successful GSIA teaching innovation, the use of real-life business simulations to teach strategic thinking and management theory, prompted the proliferation of similar management "games" at other leading

schools of business. GSIA also is a leader in the teaching of crisis management and business ethics, having offered the first courses in these areas at a business school.

GSIA continues to address the need for technologically adept managers through a variety of interdisciplinary research and academic programs. Current efforts, including a joint master's degree with civil engineering, an interdisciplinary degree in information networking and a doctoral degree established with the Robotics Institute, will ensure that GSIA's record of innovation will continue.

The Carnegie Bosch Institute for Applied Studies in International Management is a new and significant partnership between the Graduate School of Industrial Administration (GSIA) at Carnegie Mellon University and the Robert Bosch Group.

Jointly managed by GSIA and Bosch through a small core staff, the Institute supports research in management issues relevant to businesses with a global orientation. Its mission is to help improve international management by developing effective guidance for managers operating in an international environment. It will, therefore, publish the results of its applied research projects in a series of reports geared to a broad audience in academia and industry.

Richard M. Cyert, sixth president of Carnegie Mellon, serves as the first president of the Institute. As executive director, a representative of Bosch assumes responsibility for its operation. A governing board, jointly appointed by Carnegie Mellon and Bosch, oversees the Institute's general policy and approves its budget. An endowment from Bosch provides its major source of income.

Participation in the Carnegie Bosch Institute is not limited to its founders. The Institute will seek close cooperation with other academic institutions throughout the world. It will also welcome corporations and foundations as partners which share its common goals and jointly support the research projects.

1. The Robert Bosch Group and the Trustees of Carnegie Mellon University agree to establish The Carnegie Bosch Institute for Applied Studies in International Management. The Institute will be located at Carnegie Mellon University as part of the Graduate School of Industrial Administration.

2. The 15 million dollar endowment would become part of the Carnegie Mellon University endowment, but would be restricted to the activities of the Carnegie Bosch Institute. The funds would be transferred from the Robert Bosch Group to CMU on July 1, 1990 ~~(they may want to do this after the letter of agreement is signed).~~

3. A Governing Board will be established that would include membership from both the Robert Bosch Group and the Carnegie Mellon University. The total membership of the Board would consist of six people with equal representation from the Robert Bosch Group and Carnegie Mellon University. Both the President and the Executive Director of the Carnegie Bosch Institute will participate on the Board as ~~ex-officio~~ members. The representatives of CMU would include the President of the University, the Dean of the Graduate School of Industrial Administration, and a distinguished professor to be appointed by the President of the University. Representation from the Robert Bosch Group would include Mr. Hans

non-voting
Merkele and two other participants, one of whom would be a member of the faculty of a German university. Mr. Hans Merkele would be Chairman of the Governing Board until he decides to discontinue participation on the Board after which time the Chairmanship of the Board would alternate between the Robert Bosch Group and Carnegie Mellon University with the alternating terms of two years ~~(Here, the duration is something we need to work out with them)~~. The Governing Board would meet twice a year and would have overall authority on the approval of budgets and other administrative issues brought before it.

4. A scientific board would be appointed, with the concurrence of the Governing Board, to establish and guide the programs and research directions of the Robert Bosch Institute. The Dean of the Graduate School of Industrial Administration will serve as the Chairman of this Board.

5. The President and Executive Director of the Robert Bosch Institute will hold term appointments of ~~two~~ ^{four} years duration, which can be renewed ^{by} ~~by~~ the Board. *one* [Both the President and Executive Director of the Institute will report to the Dean of the Graduate School of Industrial Administration.]

→ *Mr. Richard M. Cyert*

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III. Appointments

renewable
The President of the Carnegie Bosch Institute will be appointed by the President of CMU after consultation with the Governing Board of the Institute. Appointment will normally be for a ~~four~~-year renewable term. Dr. Richard M. Cyert will be appointed the Founding President. *with concurrence of*
for the purpose of the Institute

Individuals appointed to paid positions in the Institute will be employees of CMU, and subject to the University's standard employment policies. Appointments will be made by ~~the President of the Institute~~ *on proposal of* the President of the Institute, with concurrence of the Governing Board.

Statement for the University of Pittsburgh
In particular, academic appointments within the Institute will be subject to CMU policies for non-tenure-track faculty. There may be joint appointments, with CMU departments, of tenure-track faculty, subject to CMU tenure policies, and with tenure determinations to be made by the appropriate CMU departments following the usual procedure. *with concurrence of Governing Board*

IV. Finances

The income from the restricted endowment established by Bosch will be used for the purposes of the Institute.

for the purpose of the Institute
The Institute expects to solicit additional endowment and current research funds outside CMU, and can administer additional funds appropriated to it from the CMU budget.

The Institute accounts will be handled by the financial and accounting officers of CMU in accordance with University policies.

The annual budget of the Institute is subject to approval by the CMU Board of Trustees.

[CMU will receive reasonable reimbursement for overhead costs (CMU administration, space, libraries) at a rate to be negotiated from time to time on the basis of total salaries charged to the Institute's budget. *]*

In general, the affairs of the Institute will be conducted in accordance with established policies of Carnegie Mellon University, governing such matters as faculty, finances and accounting, and university-business relations. Where appropriate, the Governing Board of the Institute may propose modifications of existing policies as experience shows the need to adapt to the goals and structure of the Institute.

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III. Appointments

✓ The President of the Carnegie Bosch Institute will be appointed by the President of CMU ^{in concurrence with} ~~after consultation with~~ the Governing Board of the Institute. Appointment will normally be for a ~~five-year renewable term~~ ^{term of GSIA}. Dr. Richard M. Cyert will be appointed the Founding President, ~~with~~ ^{for a two year term, renewable for one year.}

Individuals appointed to paid positions in the Institute will be employees of CMU, and subject to the University's standard employment policies. Appointments will be made by authority of the President of the Institute, with concurrence of the Governing Board.

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*space
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