

# Capital cost influence explained

By COLIN CROMBIE

William D. Wooldredge, vice president of finance and planning of the B. F. Goodrich Company, spoke yesterday to students of the College of Business Administration.

Wooldredge, the first visiting executive hosted this year by the department of finance, spoke about the importance of foreign exchange management and the influence of the cost of capital on capital budgeting. He also talked about career development with B. F. Goodrich.

"I'd like to make this informal," he said as he took off his coat at the beginning of his presentations. He noted that "real hospitality" sets Texas A&M apart from other universities and then gave a short background of B. F. Goodrich. He pointed out that the company has progressed from manufacturing rubber hose to spacesuits and that it now consists of six divisions.

In his first presentation, he explained how B. F. Goodrich uses the cost of capital in its decisions. The cost of capital is the price that Goodrich must pay to use an investor's money. This price compensates the investor for taking business, financial and inflation risks, he said.

"People that put money into Goodrich expect a return for it," he said.

At B. F. Goodrich the cost of capital is a pervasive part of the planning process, which includes strategic planning, money allocation and appropriation requests to cover potential financial risks when buying capital.

"B. F. Goodrich uses the cost of capital as an underlying concept," Wooldredge said.

In his second presentation Wooldredge spoke about foreign exchange management which he said is how management

can effectively deal with currency exposure.

Currency exposure is the value of assets, liabilities, receipts and disbursements when they are converted from foreign currencies to the U.S. dollar.

A currency exposure management system, Wooldredge said, handles currency, uses an information system to report the currency exposure and develops a corporate risk policy.

Goodrich adopted such a management system about five years ago, he said. The system, he explained, uses techniques to limit losses and reduce the risk of currency exposure.

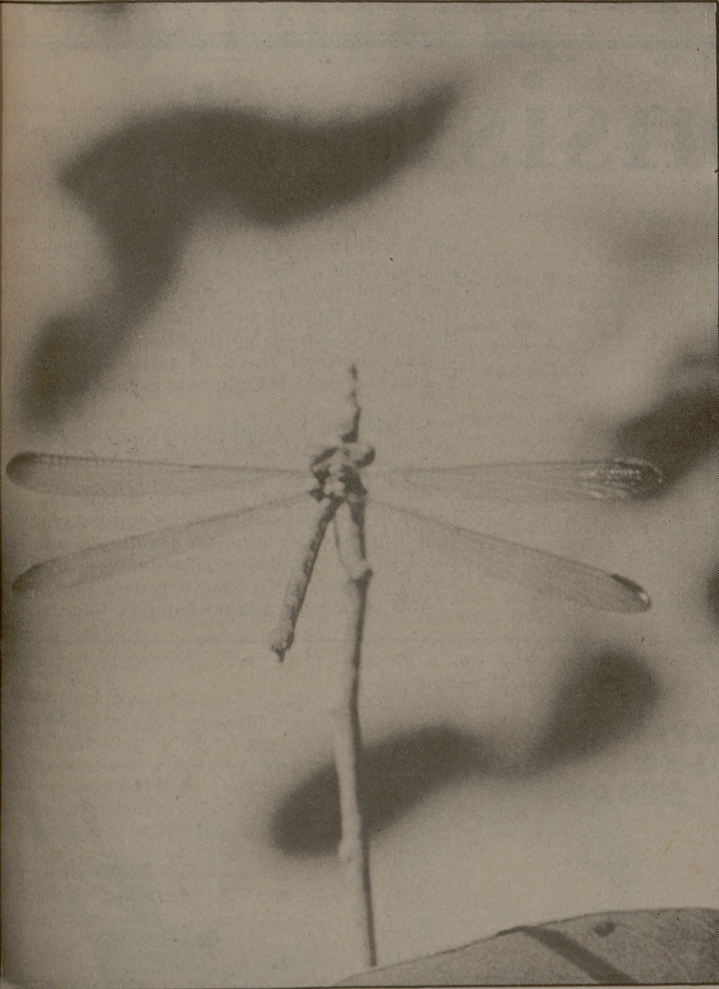
In concluding yesterday morning's presentations Wooldredge emphasized the importance of currency exposure management to a multi-national firm. He said that monitoring and controlling potential losses

due to shifting currency values is essential where significant currency exposures are involved.

In the afternoon Wooldredge spoke about the B. F. Goodrich financial career development program. He said that the idea behind the program is to hire high potential people, mostly with a master's in business administration, and employ them for three to five years in meaningful jobs where they will gain experience.

"We expect these people to move ahead quickly," he said, noting that they are promoted to a competitive executive level earning between \$30,000 and \$40,000 per year.

Having coffee with students and faculty after his final presentation, Wooldredge said that he has been with Goodrich for five years. He finds it a fascinating opportunity, he said.



Battalion photo by Larry Chandler

## Basking dragonfly

This dragonfly catches a few rays of sunlight before the winter chill sets in.

## Job roles studied

United Press International  
LUBBOCK, Tex. — M.M. Ayoub is trying to understand work. The Texas Tech University industrial engineer researches ways to match the physical capabilities of an employee with a particular job.

"We've been advocating for many years that there are right people and wrong people for any job," he said. "If the job requires size, tall, long reaches and so on that's the kind of individual you put on."

He said matching workers with jobs when they are hired would save the cost of retraining employees after they found they couldn't perform the chore.

Although developing ways to match physical abilities with jobs is still in the experimental stages, Ayoub is developing criteria the Air Force can use in assigning duties to men and women.

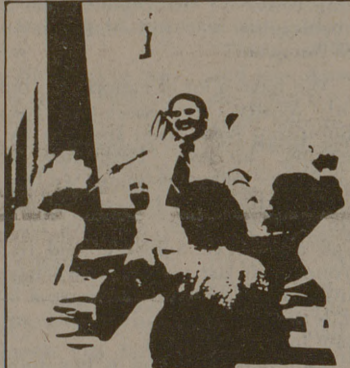
There are some 300 different jobs within the Air Force. We are matching the type of work with strength, physical work capacity or stamina, and size of the individual, the ultimate objective being to improve human performance and productivity in blue collar jobs.

"As more and more females enter the armed services, there will be questions of finding suitable jobs for males as well as females," Ayoub said.

Private industry will also be faced with similar questions as an increasing number of women apply for blue collar jobs traditionally assigned to men, he said.

Ayoub said the criteria he develops will be challenged eventually in courts by labor organizations. But he said his research is based on physical capacity — not traditional concepts of male or female work roles.

"In a simple comparison, a female's capacity is 60 percent that of a male when it comes to manual handling of loads, but females are better at estimating the amount of weight they can lift from their past experiences," Ayoub said. "In jobs involving dexterity, fine manipulation or precision, as in microelectronics, females are better than males."



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