
Ludwig, Jr., president of the Tailhook Association, prompt Garrett to take public action. In his letter, Ludwig told of some "distressing" incidents at the convention and denounced "the rampant unprofessionalism of a few." Only after the press obtained that letter did Garrett express "absolute outrage" at the Tailhook events. But he portrayed Ludwig's letter as a self-indictment by the Tailhook Association rather than the expression of outrage at the misconduct that it was. Garrett cut off all navy support for the quasi-official group and removed a rear admiral from his command for not immediately forwarding Coughlin's complaint.

Instead, Parks contends, Garrett and other naval leaders should have squarely faced the larger question of whether the Tailhook incidents, including many that were not in violation of the law, were symptomatic of a bigger problem involving attitudes toward women. The Tailhook incidents, he says, should have been "a 'wake-up call' for naval leaders who, up to this point, had paid only lip service to the problem of sexual harassment." An investigation of Tailhook was needed, Parks says, but a blue-ribbon panel should have been

named to carry out an impartial inquiry of the larger question.

The public actions that Garrett and other navy leaders took were seen by many as an expedient attempt to shift the blame for any sexual harassment away from the naval leadership and onto the Tailhook Association and, by implication, male aviators generally. Out of more than 4,000 people who attended the convention, Parks points out, eight to 12 are believed to have committed criminal assaults, and 20 commissioned officers (both male and female) apparently were guilty of indecent exposure.

The implication of collective guilt made male junior officers reluctant to cooperate with investigators, Parks says. Many female officers who did not regard themselves as victims also proved uncooperative. The inquiries (seven were ultimately launched) were also hampered by memories fogged by alcohol and a trail grown cold as a result of the navy's late start. In the end, although scores of naval officers, including some flag officers, received nonjudicial punishments or less severe administrative rebukes, no one was convicted by court-martial for criminal conduct at Tailhook '91.

ECONOMICS, LABOR & BUSINESS

Success Secrets of Korean Entrepreneurs

"An Analysis of Korean Immigrant-Owned Small Business Start-ups with Comparisons to African-American- and Nonminority-Owned Firms" by Timothy Bates, in *Urban Affairs Review* (Dec. 1994), Public Policy Research Center, University of Missouri—St. Louis, 8001 Natural Bridge Road, St. Louis, Mo. 63121-4499.

What accounts for the remarkable success that South Korean immigrants have had as proprietors of food stores and other small businesses in the inner city? And why have local African-Americans not done as well? The usual answer is that the Koreans have a stronger network of family and friends to call on for help in getting

their businesses started and keeping them running. That is only part of the story, contends Bates, an economist at Wayne State University. He found some surprises in census data on 893 Korean-owned and 3,803 black-owned small businesses that were formed between 1979 and 1987.

Seven out of 10 Koreans borrowed money to get their businesses going, compared with four out of 10 African-Americans. The Koreans who borrowed were indeed twice as likely as the blacks to turn to family members for loans and also to look to friends. Forty-one percent borrowed from family, 25 percent from friends. A 1990 study found that between 11 and 30 percent of the Korean-owned garment manufacturers in Los Angeles obtained loans from rotating-credit associations (whose

members make regular cash contributions, creating a pool from which they can borrow).

The big surprise is that these lenders were not the most important source of start-up capital for the Korean entrepreneurs, Bates says. Owner equity capital and loans from financial institutions were. Together they provided more than \$50,000 of the roughly \$60,000 in financial capital that the average Korean-owned firm had when it started. Equity capital (almost all of which represents household wealth) amounted to more than \$33,000 for the average Korean firm. By contrast, the average black-owned business started with much less capital (about \$20,000), including only about \$9,000 in equity capital.

Korean entrepreneurs not only are apt to be more affluent than African-American ones, they also are likely to be better educated. Of the Korean businesspeople, nearly 50 percent were college graduates, compared with less than 33 percent of the African-American ones (and 37 percent of white proprietors of small businesses). "Operating marginally profitable small-scale firms may be a form of underemployment for many highly educated Korean-immigrant entrepreneurs," Bates suggests. Their education and relative wealth, as well as their strongly supportive families, give the Koreans the edge.

Too Much of A Good Thing?

"Extend Profits, Not Product Lines" by John A. Quelch and David Kenny, in *Harvard Business Review* (Sept.-Oct. 1994), and "The Logic of Product-Line Extensions," in *Harvard Business Review* (Nov.-Dec. 1994), Soldiers Field, Boston, Mass. 02163.

New products that are often just slight variations on old ones have popped up on store shelves with astonishing frequency in recent years. Crest and Colgate toothpastes, for example, together now come in more than 35 flavors, types, and package sizes. Although most companies today are aggressively expanding their product lines, Quelch, a professor of marketing at Harvard Business School, and Kenny, a vice president of Bain & Company, a Boston consulting firm, contend that bombarding consumers with brand

name clones can be a mistake.

The popularity of product-line extensions with managers is not hard to fathom, the authors note. Such extensions "offer quick rewards with minimal risk," which appeals to executives who do not want to invest time or risk damage to their careers by trying to develop a new brand. Successfully launching a new brand costs an estimated \$30 million—and only one new product in five stays on the market longer than one year. The successful launch of a product extension, by contrast, costs only \$5 million.

For many companies, the cheaper strategy has paid off handsomely. Nabisco's new array of Fat Free Fruit Bars, an extension of its familiar Fig Newtons, helped that firm's total cookie sales grow three times faster than the overall market. Frito-Lay's new Cool Ranch Doritos led the way to sales of more than \$1 billion for the entire Doritos line of corn chips.

But extending a product line too far can bewilder potential customers and weaken their brand loyalty, the authors maintain. Faced with a confusing array of different laundry detergents under one brand name, for example, shoppers may switch to a rival brand that offers a simple, all-purpose product, such as All Temperature Cheer. Line extensions also can cause problems with retailers. In response to the product proliferation, grocery stores and other retailers have been rationing precious shelf space, charging manufacturers for the display of new items, and demanding extra fees for those that fail to sell well within a few months. Disenchanted retailers have also been allocating more shelf space to their own private-label products.

Some companies that went in heavily for product-line extensions have since reversed course, the authors note. Proctor & Gamble, for example, which in 1989-90 introduced 90 new items, not one of them carrying a new brand name, announced in 1992 that it was going to eliminate some of the slow movers. Quelch and Kenny applaud this bold step backward: Proctor & Gamble "can now close less productive plants, reduce marketing-management overhead, concentrate advertising resources on its strongest brands, and open up shelf space for genuinely new products." Sometimes, less really is more.