

THE UNIVERSITY OF MICHIGAN

REGENTS COMMUNICATION

Approved by the Regents
December 17, 2009

ACTION REQUEST

Subject: Research Agreement between the University of Michigan
and ACSI, LLC

Action Requested: Authorization to enter into Agreement

Preamble:

A statutory conflict of interest situation was identified by the Division of Research Development and Administration while reviewing the Proposal Approval Form. This then triggered a review by the OVPR Conflict of Interest Review Committee. A plan for management of the possible risks associated with the conflict of interest was developed and approved by this Committee and agreed to by the parties involved.

This proposed agreement ("Agreement") falls under the State of Michigan Conflict of Interest Statute because Professor Claes Fornell is both an employee of the University of Michigan ("University") and partial owner of ACSI, LLC ("Company"). The law permits such an Agreement provided it is disclosed to the executive officers and approved in advance by a 2/3 vote of the Regents of the University of Michigan.

Background:

Dr. Claes Fornell, Professor of Business Administration and Marketing, Stephen M. Ross School of Business, and Director of the National Quality Research Center, is a partial owner of the for-profit company called ACSI, LLC. The Company was formed recently to further commercialize and develop the American Customer Satisfaction Index.

Agreement Terms:

The terms of the proposed Agreement conform to University policy. The Agreement provides funding for projects to be directed by Dr. Fornell over an initial two-year (2) period at an estimated cost of \$420,000. Since research projects are often amended, this agreement includes provisions for changes in time, amount, and scope of the supported projects. . University procedures for approval of these changes will be followed and additional conflict of interest review will be done as appropriate.

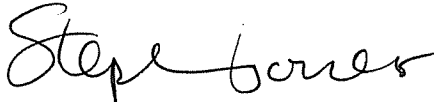
Impact of the Agreement:

This Agreement will enable further research in the effect of customer satisfaction on economic growth and the allocation of investment capital, stock returns, and consumer utility.

Recommendation:

This matter was reviewed and approved by the OVPR Conflict of Interest Review Committee. In light of the disclosures made in this document and our finding that the Agreement will be in conformance with standard University practices, I recommend that the Board of Regents approve of the University's entering into this Agreement with ACSI, LLC.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stephen R. Forrest".

Stephen R. Forrest
Vice President for Research

December 2009