

# Family affair

## Owners reminisce about 51 years in business

By BARBARA UNDERWOOD

The days of insurance representatives making house calls are almost as passe as a doctor's house visit. But not quite.

Del (Dr.) and Ned Gowing, brothers and co-partners of Gowing Insurance Agency in Birmingham, still make an occasional house call, but it's not like it was when their mother and father founded the agency in their Hazel Park home in 1929.

Del Gowing was the salesman and his wife was the office manager. All prospective clients were contacted at home. Now a few house calls are made by appointment only.

The brothers and co-owners of the agency reminisced this week about the family's 51-year-old business. Until last month, their sister and her husband, Ruth and Warren Lapham, also were partners but they have now retired. Ned's wife, Pauline, also is involved with the business.

The senior Gowings who founded the business in 1929 were both active in it almost until they died — he in 1949 and she in 1976.

"OUR FATHER was the city clerk in Highland Park for quite a few years," Ned said.

"Mother was the first public stenographer at the old Tuller Hotel (in Detroit)," Mrs. Lapham recalled. "She never forgot her craft."

"Every office has its junk desk where everybody dumped their problems," Del said. "That was mother's desk."

"Even when she was in her 80s she could take shorthand as fast as you could talk and she wrote business letters for the company until a couple years before she died."

Their mother was "the only working girl who lived at St. Anne's Mead (retirement home)," Del said.

In 1951, the growing business moved to its own building on Woodward Avenue near Seven Mile Road in Detroit and was there for 18 years until moving

to its present location, 725 S. Adams, Birmingham, in May 1969.

THE COMPANY has close to 3,000 accounts. They are heavily personal accounts (homes, cars, personal needs) and about 22 percent are commercial, Del said.

"We have had a very low attrition rate," Del said. We have had many of our customers for 30 or 35 years and one or two we have had for almost 50

years."

"We have written contracts for generations of customers," Ned added. "We have one fourth-generation family. A lot of our business today is succeeding generations, a great number of family circles."

Even people who move away from the area "want to stay with us," Del said. "We have a lot of seasonal dwelling business."

That is quite a change from the early

days when there were "a few very rocky years."

THEY RECALL hearing that their father "wondered if he would ever see \$100 per day come into the business."

But the agency has survived economic situations that affect individuals and other businesses more than the insurance business, they say.

"We have weathered everything," Ned said. "We have come from war damage insurance to present day, very complicated regulations."

"We sold a lot of war damage insurance (\$4 per policy) during World War II," he added. It offered payment for bomb damage or other possible war-related damage.

Both brothers served in World War II. Ned in the Navy and Del in the Air Force. Both were discharged in 1946 but Del continued in the Air Force Reserve for 23 years. He retired in 1979 as a lieutenant colonel.

DEL BEGAN working for his parents' company in 1937 when he had a "desk and a typewriter in the basement of their home," he said. Both brothers went into the business when they returned from service.

In its 51 years, only five non-family employees have worked for the agency. Asked if there is another generation of Gowings waiting to move into the business, Del said, "No, that is the tragedy of it."

None of the adult Gowing children are interested in going into the business, he added.



Delmer Gowing (left), Ruth Lapham, Warren Lapham and Ned Gowing reminisced recently about their 51-year-old business, which moved into Birmingham in 1969. (Staff photo by Stephen Cantrell)

## market place

THREE WEST Bloomfield businessmen and a New York investment banking firm have reached an agreement to purchase Allied Supermarket's 1.4 million-square-foot warehouse in Livonia, one of the largest industrial complexes in the area, for more than \$18 million from Bradford Trust Co. Buyers are RSP Resource Associates, whose principals are Spencer Partich, Mickey Shapiro and M. Martin Rom, and Oppenheimer-Livonia Partners Inc., a wholly owned subsidiary of Oppenheimer & Co. of New York. The facility cost \$23 million in 1969 with \$6-7 million worth of equipment. When it opened, the complex was hailed as the nation's largest and most efficient food distribution center. Bradford Trust is trustee for \$28.7 million of Livonia industrial revenue bonds on which Allied Supermarkets is in default. Allied, which operates Great Scott stores in Detroit, is in Chapter XI bankruptcy.

DETROIT heads the list of the state's top 50 industrial cities in terms of manufacturing plants, according to the Michigan Manufacturer and Financial Review. Detroit listed 2,269 plants for 1980. Grand Rapids followed with 768, Warren with 639, Troy with 356 and Kalamazoo with 277. Livonia was sixth with 265, Southfield was 14th with 172, Farmington Hills 26th with 106, Plymouth 31st with 93, Farmington 35th with 83 and Birmingham placed 47th with 53 plants. Statewide, there were 15,030 plants listed in the Directory of Michigan Manufacturers for 1980. That represents a 3 percent increase over 1979 totals. Wayne County had 3,514 plants compared to Oakland County's 2,107.

LT. GOV. James Brickley says figures from the Michigan Department of Commerce's Office of Economic Development show the new General Motors assembly plant in Orion Township will generate a total of 2,516 jobs and more than \$58 million in personal income for the construction industry during the two years it will take to build.

AMERICAN Motors Corp. has expanded its franchised Renault sales and service network to 1,007 dealerships in the United States. When AMC resumed marketing responsibilities for Renault last April, there were 320 dealers. By the end of the 1980 model year, AMC plans more than 1,300 dealerships with a goal of 1,600 in the U.S. Renault sales in the U.S. reached a record high in March.

LIBERTY State Bank & Trust won the fourth annual Bank Advertising Awards competition for individual radio commercials which honors the best bank advertising. Desmond & Associates Inc. is the bank's ad agency.

MANUFACTURERS Bank opened a new branch at 1749 Woodward in Bloomfield Township. Branch officer is Thomas Cobb.

FIRST QUARTER results show a decline of 288 domestic new car deliveries in the U.S., according to an Automotive News report. The report found 23,121 dealerships in operation on April 1, compared with 23,379 at the beginning of 1980 — the biggest first quarter loss and the third biggest loss of any quarter in 19 years. Chrysler lost 152 dealerships, Ford 97 and GM was down 30. AMC reported a gain of 30 dealerships. During 1979, 872 outlets closed.

CITICORP has acquired, through a subsidiary, the assets of Computer Professionals Unlimited of Southfield. CPU provides financially oriented data processing services to more than 400 credit unions in 15 states from data centers in Southfield.

BUSINESSES wishing to seek clients for marketplace should send them to Ron Garbinski, Observer & Eccentric Newspapers, 1225 Bowers, Birmingham 46012. Notices of meetings must be received by the Monday preceding Thursday publication. Notices include a contact person and telephone number.

## datebook

WALSH COLLEGE of Accountancy and Business Administration will host seven weeks of Continuing Professional Education seminars designed for accounting professionals starting May 12. Martin J. CPA, author of the 1980 Comprehensive GAAP Guide, will conduct a three-day seminar on a comprehensive review of GAAP May 12-14. Walsh will offer 44 seminars on a daily basis Monday through June 29 designed to fulfill the state mandated requirement of 40 CPE hours each year between July 1 and June 30. Fee per hour is \$10. Campus is located at 3838 Livermore in Troy. For more details, call Roger Robinson at 689-8282.

THE MICHIGAN Association of Certified Public Accountants will conduct an Industry, Government and Education Conference 9 a.m. to 5 p.m. May 29 at the Dearborn Inn, 20301 Oakwood Blvd. The seminar offers eight hours recommended credit for state requirements. Participants choose three of seven workshops. Fee is \$50. For more details, contact the Michigan Association of CPAs at 353-0404.

THE OAKLAND County Chapter of the National Association of Accountants will sponsor a seminar on inflation 8:30 a.m. to 3 p.m. Saturday at Kelly Services, 999 W. Big Beaver Road in Troy. Emphasis is on practical tips and internal reports. The program will qualify for five hours of continuing education credit. For more details, contact Lee Bennett at 362-1466.

THE CAREER Development Unit of the Greater Detroit Chapter of the American Society for Training and Development will host a career development institute 1:30-9 p.m. Wednesday at the Mercy College Conference Center, 9200 Outer Drive and Southfield Freeway. Program is Career/Life Renewal in your Organization — Planning and Implementing Career Development in your Organization. Fee, which includes dinner, is \$25. For members, \$15 for students and \$30 for non-members. Reservations required by calling Gale King at 647-5287 by Friday.

EXPO '80, a computer and office systems conference and exposition designed to update and introduce advanced technology to business and industry, is slated for June 3-8 at Detroit's Renaissance Center. For pre-registration or information, call the Conference Company at 617-984-4550.

## Inflation accounting

# Concept reflects current costs

By RICHARD MEASELLE

Editor's Note: The writer is a managing partner of Arthur Andersen & Co. in Detroit.

A look at how inflation affects some of our nation's largest corporations is being revealed in 1979 annual reports now being mailed to shareholders.

What the reports demonstrate will surprise some, dismay others and bring about a great understanding of how inflation impacts the way America does business today.

It is not unreasonable to expect that the picture reflected by inflation accounting will lead to increasing calls for revision of our tax system and may even have major influence on investment decisions made by both large and small investors.

The data is not easily recognized. In its statement of Financial Accounting Standards No. 33, the Financial Accounting Standards Board (FASB) requires certain large, publicly held companies to disclose the effects of changing price as supplementary information to the basic financial statements.

The board has offered a flexible approach to reporting the effect of inflation and intends through this method to encourage experimentation.

SHAREHOLDERS will find the data most often in a section of the annual report titled Financial Information Adjusted for Changing Prices.

Some companies have taken only a perfunctory approach to reporting the data, providing only what the FASB requires and nothing more.

Others have moved ahead of schedule to provide detailed analyses of how inflation has impacted their operations, and some have included special messages from top financial executives explaining the significance of the new information in great detail.

Those more aggressive companies are following the lead of Thomas Murphy, chairman of General Motors and current head of the Business Roundtable, or call FASB No. 33 "one of the most significant" changes ever in financial reporting.

This column offers business leaders an opportunity to express views and concerns on the business environment. Persons wishing to submit an article for consideration should contact Ron Garbinski at the Observer & Eccentric by calling 644-1100.

## trends

For the first time, the accounting profession is attempting to deal with the most pervasive problem in our economy — inflation.

The impact of double digit inflation is devastating. Not only does inflation decrease the purchasing power of the dollar, it increases interest rates, results in confiscatory taxes on capital, reduces the willingness of the public to save, negatively impacts the prices of stocks and bonds and, most important, decreases the public's confidence in the future of the free enterprise system and the competence of our government.

ACCOUNTING CANNOT solve inflation, but it can report the effects of inflation. The new requirements attempt to do this in two basic ways. In addition to the traditional historical financial information, companies also must present data using current cost and constant dollar methods to illustrate the effects of inflation.

There is a key difference in the two methods. Constant dollar disclosures change the measuring unit from the historical dollar to the general purchasing power dollar.

Conventional historical cost disclosures are based on dollars with varying amounts of purchasing power. Constant dollar disclosures merely adjust these dollars of varying purchasing powers to dollars with equivalent purchasing power. The Consumer Price Index for Urban Consumers is used for all adjustments.

Current cost disclosures change the basis of measurement of certain assets and expenses associated with the use or sale of assets to current costs. For example, the current cost of inventories is the current cost of purchasing the

goods.

The difference between the two methods is that the constant dollar approach measures the change in general purchasing power as reflected in the CPI. The current cost approach reflects changes in costs incurred in the industry and specific to an individual company. Accordingly, there is much more subjectivity in developing current costs than constant dollar information.

AN FASB FIELD test based on prior years test indicated that operating income generally fell 30-50 percent, return on stockholder's equity fell noticeably, debt equity ratios tended to improve, while the effective tax rate for most corporations rose, and in many cases, significantly beyond the statutory limits.

As in all things new, there have been some objections to the new inflation accounting reports. Some managers feel the information tends to distort the actual operating state of the company, causing a loss of confidence as record sales and record profits are scales back by inflation accounting.

Some smaller firms objected from the beginning to the additional work involved in compiling the data. (This was partly overcome by the scope of the FASB rules limiting disclosure to primarily larger companies.)

Other managers want to be judged on an upward trend of profits while complaining to Congress that taxation of these "paper profits" is destroying their ability to raise capital.

It is difficult to argue that tax laws should be altered to account for an inflation loss without some form of inflation accounting that permits both government taxmen and interested invest-

ors to get a clear picture of company operations. You simply cannot have it both ways.

Congress and the Treasury have a self-serving interest in avoiding such changes, since inflation acts as a hidden tax. Tax revenues increase automatically as inflation pushes both companies and individuals into higher tax brackets.

Politicians avoid the onus of raising taxes, and enjoy the benefit of adjusting taxes through cuts every few years.

ALL THESE objections and points of view pale in today's inflation-rocked climate. Inflation was a problem we could live with as long as inflation stayed at low rates.

Double digit inflation creates a new set of economic standards and concerns which must be faced.

Reporting the effect of inflation is vital — vital to managers who need solid information to make business decisions, and vital to investors, large and small, whose participation in the marketplace provides a steady source of capital needed to build a strong economic base. Continuing to conceal, rather than reveal, the effect of inflation cannot be justified.

Our free capital markets rely heavily on credible, meaningful financial information. FASB Statement No. 33 affords an excellent opportunity for accounting data to illustrate the impact on our everyday lives.

Its unique provisions, which allow and indeed encourage experimentation, clearly signal that the professional does not have the final answer on how to account for inflation. What is equally clear is that it is high time we begin.

Such an opportunity should lead to a calm and reasoned discussion of what changes may be needed in government policies to reduce the confiscatory aspects of our current tax policies, to encourage the development of capital, expansion of jobs and communicating the problem to defeat inflation itself.

## business people

MICHAEL H. OBLOY of Troy was promoted to second vice president and trust officer at Manufacturers National Bank of Detroit. After four years as an attorney with the Internal Revenue Service (IRS), Obloy joined the bank in 1977 as a senior tax analyst. He was appointed a trust officer in 1978.

LEE D. STEIN of West Bloomfield, chairman of the board of Farberman/Stein and Co. Real Estate in Troy, accepted the position of

chairman of the Metro Detroit State of Israel Bonds construction and real estate division.

LORIS J. CHARCHIAN of Troy was appointed vice president of the Formspart division of Dana Corp. Charchian joined the company in 1965 as chief engineer.

JOHN M. DICKEY was appointed director of marketing at Providence Hospital in Southfield. Dickey joined

the Providence staff after receiving a master of health services administration degree from the University of Michigan.

JOHN N. CHUCHMAN was appointed general sales manager, Ford Tractor Intercontinental Operations, headquartered in Troy. Chuchman was formerly manager of Ford Tractor Operations — Europe in Brussels. He has been with

Ford since 1959.

Simons Michelson Zieve Inc., Advertising in Troy, announced JAMES BEERS has joined the agency as an art director and TODD R. BENDLER as creative director. Beers comes to the agency from Barkley & Evergreen. Bendler has been with SMZ since 1977.

SANDRA S. BANKS was named art director at Doucet/Paul & Associates Inc. in Southfield.