

Business rankings: useful or superficial?

By Casey Hens
staff writer

SOME EXPERTS consider business magazine rankings superficial, but most agree the information is useful in analyzing today's economy.

A "fascination" and "curiosity factor" has recently prompted more national and local publications to rank major companies — private and public — in hundreds of ways, according to those interviewed.

"They make for good reading, like the 10 best-dressed list," according to Ronald Horwitz, dean of the school of economics and management at Oakland University in Rochester Hills.

For one Farmington Hills company, business rankings measure unparalleled sales growth. Computer Alliance Chief Executive Officer Robert Michellini calls it "one of the most profitable" times his company has known.

Computer Alliance was rated 15th in 1984 in the national INC Magazine. "INC 500," was recognized recently by Michigan Gov. James Blanchard for "substantial growth," and was ranked 15th of 23 "top service companies" in the Sept. 18 issue of Crain's Detroit Business.

These rankings give privately held Computer Alliance a sales status symbol that reflects growth trends in the industry. Twenty-one percent, or 105 companies, listed on the most recent INC survey were computer-related firms.

DEAN HORWITZ believes business publication rankings "should be given the value they deserve," which he considers minimal.

Others agree, but believe business publication rankings give the only good form of information available about business today.

"Details on profits are skimpy," said Carl Gregory, economics professor at Oakland University, "but they (rankings) provide a very useful function."

Companies benefit from community support and free publicity, but readers reap rewards as well, he said.

Rankings prove "very useful" to students, investors, venture capital companies and economists, Gregory said.

Investors can follow year-to-year trends, getting a "head start" on companies going public. Venture capital companies select investment priority areas through these rankings. And students use the list as part of their job hunting strategy, he added.

ECONOMIST GREGORY watches rankings for the range of sales per em-



business talk

A page of local business news

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ployee. "You can determine how much of a sales increase would be needed nationally to absorb the unemployed," he said.

Rankings often give motivated salespeople lead information for penetrating their markets, he added.

Each magazine has individual ranking methods and reasons for publishing them. All compile statistical information from reader surveys, annual reports, or from market research teams or public relations firms.

When surveying, some compilers place return cards in magazines requesting information, while others send survey letters to companies on select business and subscriber lists. Others ask magazine readers for nominations.

Companies ranking privately held companies have more trouble getting information than those analyzing publicly held firms, where information is readily available, Gregory said.

One private company survey is the "INC 500" list, done by Boston-based INC Magazine each year. This ranking focuses on "the fastest-growing private companies," Gregory said.

IT WAS the "INC 500" that initially "caught everyone's attention," according to Don Durocher, owner of Detroit-based Durocher & Co. Inc., which does local business rankings and opinion survey work. "People like to read about the biggest and the best."

The Michigan 100 is used by the Greater Detroit Chamber of Commerce's publication, The Detroit, and also by The Detroit Free Press, according to The Detroit editor Louise Thomas.

Durocher and Big-Elig accounting firm Arthur Young Co. have compiled the ranking for the past seven years.

The Michigan 100 analyzes annual reports from Michigan Fortune 500 companies and determines the top firms from a profit and loss, sales and net worth viewpoint. The two companies began reporting this year on the fastest-growing Michigan 100.

Most companies listed in business rankings have sales of \$50-million-plus, according to Durocher, who said some of the smaller firms with interesting data are missed.

The recession forced economic and business issues into the average household, as more people faced unemployment and investment choices, Durocher said.

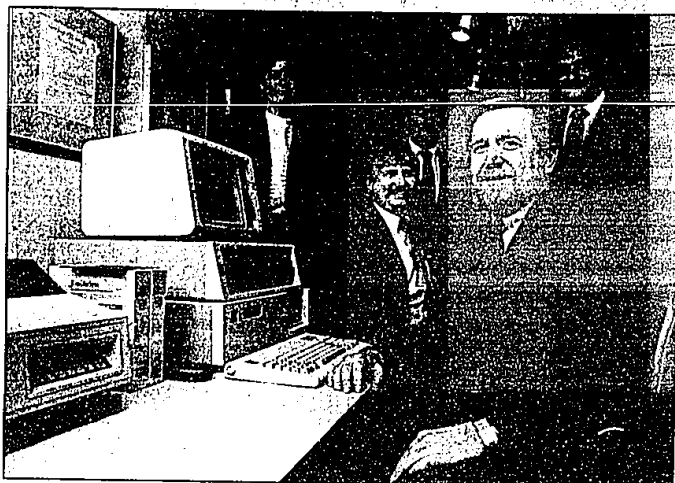
BUSINESS RANKING and reporting have increased in the past three to four years because of its "direct impact on people's lives," Durocher added.

Crain's Detroit Business does regular rankings on Southeastern Michigan businesses. Cindy Goodaker, special projects editor, has a one-person staff that does the surveys, basing rankings on total revenues for each company's fiscal year. Two years of financial information is requested for trending purposes, she said.

The surveys are also "great generators for story ideas," she added.

An annual report of the top 100 Michigan companies is compiled by another Big-Elig accounting firm, Copers and Lybrand, for Michigan Business magazine, according to an editorial spokesman. The top 100 corporate public companies are rated, he said.

Dean Horwitz has no suggestions for improving the growth trend of editorial business rankings. He has no credence in financially based securities rankings, such as Standard and Poor's



Computer Alliance vice presidents (standing, from left) Diane Grieves, Paul Koncz and Harvey Kahn; president Michael Grieves (seated, left); and chairman Robert Michellini.

and Fortune 500, the "granddaddy of rankings."

"The cost of making them accurate might exceed the benefit," he said.

AT COMPUTER ALLIANCE, CEO Robert Michellini and President Michael Grieves started their "one-stop computer shopping" dream with \$150,000 in Livonia in 1979.

Annual sales grew from \$200,000 in 1980 to \$16 million at the end of the fiscal year last June — an increase of more than 4,000 percent, noted in the INC ranking.

This year, \$20 million is already booked. About 67 percent of sales come from computer enhancement services to Fortune 500 companies, the rest from hardware and software sales, and equipment maintenance.

The company offers hardware, custom-designed software, and followup services for the business community.

Traditionally, the computer industry has been successful despite economic peaks and valleys. During peaks, businesses seek computerized ways to mon-

itor profits, Michellini said.

"We were fortunate in the down times," he said. "People needed to reduce costs and get inventory under control, and we were there."

PRESENT PLANS include a major warehouse expansion, and taking the company from private ownership to public within two years, Michellini said.

Company inventory of more than 200 products is topping \$1 million, creating the need for expanded facilities.

Both Michellini and Grieves hail from technical backgrounds, and Michellini from many years of experience with the first computers that arrived on the market in 1960.

Michellini believed they "were in the right place at the right time" in 1979. Their previous careers of computer time-sharing sales slowed as computer prices were reduced and businesses brought computer systems in-house.

With success, comes hard decisions, and major corporate changes were made at the company one year ago. Offices were moved from Livonia to

Farmington Hills. And the company pared the payroll from 125 to 90 and closed half their offices, maintaining production with increased sales.

IN ADDITION to local corporate offices, Computer Alliance operations continued in Grand Rapids, Kalamazoo, Atlanta, Ga., and Orlando, Fla.

The company changed from a broad-based computer company serving many clients, to one concentrating on vertical markets.

Industry concentration now includes automotive, distributing, medical, credit unions and rental stores. Sixteen specialty software packages designed at Computer Alliance and five main hardware systems serve these industries.

Twenty percent of Computer Alliance employees are in direct sales, but Michellini "expects all our people to be salespeople." Service technicians spend as much time handling customers as fixing computer hardware, he said.

short takes

If you recently opened a shop, captured an award, earned a promotion or are planning a new venture or project — and there's a Farmington-area business angle — we'd like to hear from you so we can share your news item with other Farmington Observer readers. Send items to: Short takes, Farmington Observer, 33203 Grand River, Farmington 48024.

ON AAA BOARD

Thomas Duke, a former Farmington Township trustee and a director of the Metropolitan National Bank of Farmington, was re-elected to a three-year term as director of the nearly 1.3-million-member AAA Michigan at its annual membership meeting in Dearborn.

Duke, who lives in Charlevoix, was board chairman the last two years and has been a director since 1975. He is a third generation builder-developer.

He is chairman of the First State Bank of Charlevoix and past president of the Builders Association of Metropolitan Detroit.

TOP REALTOR

Robert Taylor, sales manager for Troy-based Chamberlain Realtors, was named "Realtor-Associate of the Year" by the Michigan Association of Realtors.

The award is based on real estate education, community service, state service, involvement with state and national real estate boards, and length of service with local real estate boards.

Taylor, a member of Chamberlain's Million Dollar Club, received his master's degree from the University of Missouri in 1972, one year after completing his undergraduate work at Alma College, where he majored in mathematics and history. He is a North Farmington High School graduate.

A member of local real estate boards for 11 years, he was named Macomb County board of Realtors' Realtor-Associate of 1985.

Taylor received the "Outstanding Young Man of America" award in 1978 and was named to the "Two Million Dollar Club" in 1978 and 1979.

He was nominated by former Gov. William Milliken to serve on the state Real Estate Commission. He also served on a committee to assist the Licensing and Regulation Department in rewriting the state's real estate exam.

Taylor came to Chamberlain Realtors in 1979.

PR FIRM CHOSEN

Disneyland, the only park built under the direct supervision of Walt Disney, has chosen Farmington Hills-based Hermanoff & Associates Inc. as its public relations agency for the Detroit area.

Disneyland, in Anaheim, Calif., opened July 17, 1955.

A NEW POST

Richard Young was appointed marketing manager at ACE Controls Inc., Farmington.

As marketing manager, the Brighton resident will be responsible for market research/analysis and promotional projects. He will coordinate ad-

vertising, literature and sales forecasting.

Young has 15 years of experience in industrial/manufacturing sales and marketing, particularly in the fluid power field.

ACE Controls is a manufacturer in linear deceleration technology.

MARKETING AGENT

PowerScan, a newly formed battery inspection and testing service, has selected Bunnell & Co., Farmington Hills, to handle marketing communications and public relations.

PowerScan offers businesses and manufacturing firms a program designed to improve battery reliability and reduce maintenance and operating costs of large battery systems, which provide backup or emergency energy.

Rochester Hills-based PowerScan is a division of Utility Technical Services Inc., an affiliate of Detroit Edison.

Bunnell & Co. is a full service consulting firm offering communications and marketing support services.

NOW A VP

James Shambaugh of Farmington Hills was elected vice president of First Federal of Michigan's Commercial Real Estate Loan Department.

Before joining First Federal in 1977, Shambaugh was a mortgage officer with Sonnenblick-Goldman Co. and a regional mortgage manager for New York Life Insurance Co.

He has served on the Income Property Committee of the Michigan Mortgage Bankers Association for four years.

MOVING UP

Ron Milliman was promoted to director of correspondent development with First Financial Mortgage Corp. (formerly Newman-Keller Corp.).

The Farmington Hills resident, who joined FFMC in November 1984, will be responsible for developing, marketing and expanding the Correspondent Division.

Trained in credit and lending, he worked 13 years in the sales finance industry, and five years with FWR-Credit Data Credit Bureau as operations manager and sales manager, before coming to FFMC as a senior loan officer.

CHAIRMAN PICKED

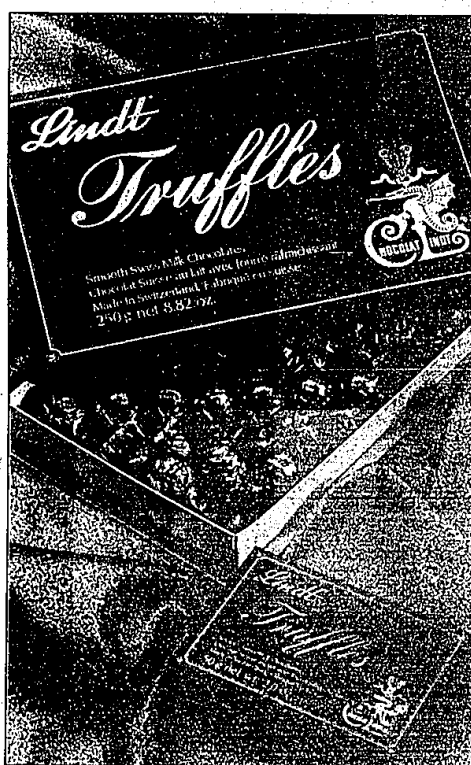
The Food Industry Council (FIC), an affiliate of the Greater Detroit Chamber of Commerce, announced its 1985-1986 officers.

Ralph Miesel of Farmington Hills was selected chairman of the board. He is president of Miesel/Syco Food Service Co.

The FIC, founded in 1952, was created to protect and promote the interests of Detroit's Food Industry. Today, this chamber affiliate has more than 300 members representing all segments of the area's food industry.

FIC accomplishments include its "Feed the Hungry" program, which has distributed six million pounds of food for the hungry in southeast Michigan since 1982.

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hudson's

USE YOUR HUDSON'S SHOPPING CARD (SEE PAGE 15) WHEN YOU SHOP AT THE Hudson's Food Center.