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Equity

Schostak's 'build to keep' philosophy serves firm well

By E. Dale Lee
special writer

Robert, David and Mark Schostak all sit in company chairs today, but as children their father says they all had a misconception about the family business.

"They thought we were in the sign business because our company's signs were all over the place," said Jerome Schostak, chairman of Schostak Brothers & Co., the Southfield-based commercial and industrial real estate broker, developer and manager celebrating its 65th year in business.

Robert and David, vice presidents, and Mark, an associate with the firm, now know real estate development and management are synonymous with the Schostak name in southeast Michigan as the Ewing name is to the oil industry on "Dallas."

The moving force behind the highly successful and still-growing firm is Jerome Schostak, who, in his 34 years with the company, has seen far more profit than loss.

"I got into the development business because I like to create," he said. "I enjoy using our own ingenuity to sense a need and then having the capacity and enterprise to fulfill it."

Schostak Brothers & Co. has ventured into arenas closed to others because of its diversity: It has the capacity to develop property for itself or clients, employs property managers and is particularly strong in real estate brokerage — matching buyer to seller and arranging mutually beneficial terms.

"Most firms in these businesses develop, broker or manage, but we're specialists in all three," Schostak said. "We have the numbers of people, the track record and the expertise to deliver. That's what separates us."

> *'Companies looking for that instant reward are in the wrong business.'*
> — Jerome Schostak

SCHOSTAK, WHOSE firm employs 350 and is headquartered in the 30-acre, 750,000-square-foot First Center Office Plaza, pursues developments chiefly in southeast Michigan. But the company's market stretches to Illinois, Ohio, Indiana, Minnesota and other parts of Michigan.

"Other companies made mistakes," Schostak said. "We didn't run to the Sun Belt to get burned. We stayed here in the Snow Belt . . . and we're doing well."

Schostak prefers ownership to producing a development for someone else.

"I look at real estate as a product, and we build to own," he said. "We take care of the development so it stays in good shape and appreciates (in value).

"By essentially building to keep, we're producing a stable of mature developments for revenue generation and equity. For us, development for our uses is a good investment."

Schostak Brothers also has an edge on competitors because of competitors' inability to sustain short-term losses for long-term gains.

"It takes one to five years for a development to mature and become revenue-producing, and during that time the developer's money is at risk," Schostak said. "Companies looking for that instant reward are in the wrong business.

"Success in this business is won over the long term. You don't spray powder and begin making money. It takes fortitude, patience, a lot of capital and a track record. New companies succeed, but it is not easy to do so. We succeed."

Schostak doesn't believe in following the "herd mentality," and sometimes chooses to ignore industry trends while blazing his own path.

"We don't do something because somebody else does," he said. "We do it because it's good for us."

While many multimillion-dollar corporations much smaller than Schostak Brothers hire marketing professionals to seek clients and research their needs, Jerome Schostak won't yield that role.

"We get our clients by knocking on doors and using shoe leather," he said. "There's no substitute for hard work.

"My marketing enables us to develop a client base. But the business of getting developments we build occupied is the job of our executive staff."

SCHOSTAK CALLS the building business "cyclic" in Michigan, a "feast or famine" enterprise.

"We're on the up side now, and lots of good things are happening," he said. "Oakland County building activity in particular makes developers elsewhere envious. Compared to the rest of the country, I-75, I-696 and I-275 are developing quite nicely, and we're glad to be a part of the excitement."

Schostak considers his company a catalyst for quality development in Wayne and Oakland counties. It is serving as development manager for a Manufacturers Bank data processing and operations center that will open before the new year at Haggerty and Six Mile in Livonia and for the 1,800-acre Oakland Technology Park in Auburn Hills, which broke ground Sept. 21, among other developments.

"We don't do a lot of developments," Schostak said, figuring his company is involved with less than 10 a year, "but the ones we're a part of are well done. That's our track record. And we're proud of it."

JERRY ZOLYNSKY/staff photographer

Jerome Schostak displays the model of the Oakland Technology Park, one of his company's developments.

Schostak properties

Developments undertaken in recent years by Schostak Brothers & Co., founded by Louis H. Schostak, include:

- Redevelopment and expansion of Wonderland Scopping Center, Livonia.
- The 750,000-square-foot First Center Office Plaza, Southfield.
- The 1,800-acre Oakland Technology Park, Auburn Hills.
- Laurel Park Place shopping center, with Jacobson's as the anchor store, Livonia.
- Maccabees Mutual Life Insurance Co. headquarters, Southfield.
- Renovation of the former Maccabees HQ into offices for W.B. Doner advertising agency, Southfield.
- Remodeling and expansion of Macomb Mall, Roseville.
- Shelby Corners, an 80-acre mixed-use development, Shelby Township.
- Redevelopment of the J.L. Hudson building, Detroit.
- Expansion, leasing and management of Universal Mall, Warren, in conjunction with Landau and Heyman, Chicago.

Small business fights child care legislation

By E. Dale Lee
special writer

Small business owners are rallying to choke proposed legislation that would assure the jobs of men and women who take long-term child care or medical leave.

"As small business owners, we'll bend over backwards to bring back a quality employee, but I object to a government mandate telling me I have to bring somebody back," said David Willett, president of the Lansing-based Small Business Association of Michigan and publisher of the Associated Newspapers, a group of weeklies in Wayne.

"How do you operate a small business while that employee's gone? In small business, every employee is critical," Willett said. "Being against parental leave is kind of like being against motherhood.

"But look at it this way: When you're riding instead of walking, you create a burden. Somebody has to pay for that, and if parental leave is government imposed, the consumer ultimately will bear the cost."

The Family and Medical Leave Act, to be voted on soon by the House and Senate in Washington, would, if approved:

- Grant a total of 36 weeks per employee per year for companies with at least 15 workers.
- Entitle each employee to 26 weeks of medical leave a year.
- Entitle each employee to eight weeks of family leave for the birth, adoption or care of a sick child or to care for a sick parent.
- Require employers to maintain health benefits while employees are on leave.
- Make sure employers restore employees' full pay, benefits and seniority when they return to work.

FRANK McMURRAY, who runs the State Farm Insurance office at 5773 Canton Center Road in Canton Township, is concerned that a mandated parental leave law would increase unemployment benefit costs to small businesses that couldn't afford them.

"If I spend a lot of time training a replacement employee and he or she stays for more than 13 weeks, that person becomes a valid employee and is eligible for unemployment when the original employee returns," he said. "This law will drive up unemployment benefits.

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DiPonio marks 50 years

His Greenfield Construction Co. tunnels to success

By Philip A. Sherman
staff writer

Angelo DiPonio celebrates 50 years in the construction industry.

Angelo DiPonio is able to look back on 50 years in the construction business because his mother packed him good lunches.

"She used to pack me such good lunches, and I had so much respect for her that I knew I couldn't let her down," DiPonio said. That's when he was in his late teens, digging basements by hand for contractors.

That was 50 years ago this year. Today, from behind a semicircular desk in a paneled office on Merriman in Livonia, DiPonio, 70, still steers his business. This year the Greenfield Construction Co., the name of DiPonio's enterprise, should gross $40 million, according to vice president Roger Van Omen.

Greenfield Construction specializes in tunnels — tunnels for people to walk through, tunnels for refuse to flow through on its way to treatment plants, tunnels for run-off water to travel through so it can get to a river. DiPonio has five tunnels under way in Houston, totaling 11 miles of boring through sand, silt and bedrock.

Van Omen estimates they've built 120 miles of tunnel over the years, with most projects averaging two miles. A two-mile tunnel doesn't sound like any big deal until DiPonio or Van Omen trot out facts on tunnel lore.

Don't try this at home, but to start a tunnel, dig a vertical shaft. Van Omen said most are 30 to 80 feet deep and serve as the only access to the tunnel. Through that shaft go workers and machinery that either will grind horizontally through bedrock or ooze through silt, enemy of tunnelers. Silt is the stuff that hangs between clay and sand with a grain size large enough to absorb and trap water.

SILT IS dangerous. Van Omen said it's called "unexpected ground," meaning core drillings didn't indicate its presence. Recently in Houston, Van Omen said a team was drilling and hit a wet sandy vein when they were expecting firm drilling. "At that depth it runs like water. Before the operator could do anything it was pouring in around him and his machine. He bailed out and the tunnel filled up with sand for 600 feet." The operator made it safely out of the tunnel.

But they aren't always that lucky. In 1971, Greenfield Construction was one of four companies working on an intake tunnel that would draw water from the lake just north of Port Huron to a treatment plan in Detroit.

Van Omen said the tunnel went five miles under Lake Huron. As his crews were lining the tunnel close to shore, Van Omen said "another contractor drilled a hole to our tunnel while we were ventilating."

Van Omen said methane gas — which is highly combustible — "was pulled into our tunnel. The other contractor did some welding and the sparks caused an explosion. The force was like being in a gun barrel without a slug. Our people were propelled down the tunnel." Van Omen said about 21 of his workers died in the blast along with some city inspectors working on the project. The tunnel was completed, however, and Van Omen estimates it's been in use for about 15 years.

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