

# Nice tidbits fill book of automotive history

When you pick up a book with the title "Love and Revolution: 101 Years of the Automobile," you might start wondering "101?" But Dick Wright already is explaining he started out to write a book called "100 Years of the Automobile," but by the time he finished it, and with all the proofreading, well, you know

Dick Wright once wanted to become a famous automobile collector like Tom Monaghan or Richard Kugan but was a little short of cash. So while Monaghan was bidding on the Bugatti, Wright was sweet-talking Indiana grandmothers out of such collectibles as a 1953 Chevy convertible, a 1952 Corvair, and a Hudson convertible.

He also worked for Automotive News for umpteen years where he

did an annual version of "The Night Before Christmas" with twisted words celebrating the year's automotive events.

KNOWING ALL this, when he says he wrote a book, you've got to read the book. Particularly when he drops a copy in your mailbox.

"Love and Revolution" turns out to be 103 pages long, which is about an evening's worth of breezy automotive history — the kind of history where Henry Ford is seen chasing the first car in Detroit on a bicycle. Where Byron T. Carter's death at the hands of a backfiring engine inspired the self-starter. Where William Durant lost \$100 million in a day.

It's interesting stuff with the best parts culled from the early days



auto talk  
**Dan McCosh**

when brass capitalists didn't pull punches.

IN THESE NUGGETS one finds solace in noting that nothing much is new after all. Henry Ford had farmers taking out equity loans to buy cars, just as your tax accountant is advising today. Reliability, fuel economy, power and prestige motivated car buyers since the start.

One sees the beginnings of the current environmental movement in the controversy over the use of leaded gasoline. The Tucker enterprise is an eerie prelude to DeLorean's.

It's even easy to see the spirit of today's women's movement in an ad for the 1923 Playboy.

The book's theme is the U.S. industry more or less dominant until the 1970s when someone invented the Japanese and things got tough. It's a common enough view of the history

of the auto business viewed from Detroit, but it's also the book's worst flaw.

CLEARLY THE European and Japanese car companies didn't go to sleep from the day they invented the car to when the first World War II serviceman returned home with a Beetle.

The view ignores the effect of Europe's and Japan's auto industry on everything from the buildup of military might to sports car racing.

A closer look at the history of the auto business finds it intertwined from the start with the worldwide growth of heavy industry, plus two world wars and major strides in aircraft and technology.

You can find much of what made the 20th century tick by looking editor closely at its yen for mobility, and

the passion never was restricted to the United States.

BUT THEN again, this isn't exactly "War and Peace." It's an evening's worth of good reading, likely followed by a couple of evenings of stories that start out, "Did you know...?" It's mainly a balanced, objective and entertaining read — with one exception.

You might notice, near the end, Wright slips in a caustic diatribe about the definition of "classic" by the Classic Car Club of America — how it's much too narrow and excludes several popular collectibles. C'mon, Dick. You'll never get them to accept a 1953 Chevy.

Dan McCosh is the automotive editor of *Popular Science*.

## Covered call options have pluses, minuses

### Part II

Last week we discussed the key features of a covered call option (CCO). This week we will discuss the advantages and drawbacks of this strategy.

#### Advantages

First, the option premium you collect improves your position, no matter what happens to the stock. For instance, suppose IBM is selling for \$110 and you sell a CCO for \$100 and \$11 per share. If the market price leaps to \$125, the call buyer certainly wants to exercise his option to buy your shares at \$110. Although the premium you already collected wouldn't cover the good idea to sell the stock, it would certainly cover the majority

of it. In this case, you would effectively sell the stock at \$121 (\$110 plus \$11 call price) instead of at \$125, not a bad bargain.

Second, CCO provides downside protection. If the IBM stock declines to, say, \$100, the option will not be exercised. The \$11 premium would give you downside protection; a potential loss of \$10 per share would be wiped out by the gain you realized from the option premium.

Third, CCO can be used to generate a steady cash flow. So even if your stock is called away, you may want to own that stock again. That way, you can write additional covered calls and once again let your stock earn a premium. In fact, it is a good idea to develop a systematic call writing program to beef up the



finances and you  
**Sid Mittra**

annual yield of your portfolio.

Fourth, you continue to collect the dividends during the entire life of the option you sold. This is necessarily so because you still own the stock and are entitled to the dividends.

#### Risks

First, CCO is an unbalanced contract. The buyer calls all the shots and you must abide by his decision

Covered call writing is therefore reactive. This arrangement may not be universally acceptable.

Second, the writer of a CCO bears the risk of a decline in the value of the stock. For instance, if IBM drops from \$110 to, say, \$80, and the option you sold on it is still valid, you may be forced to hold the declining stock and suffer a loss. This downside risk may however be limited by adopting

the following strategy:

Say after you sold a nine-month IBM option at \$110 the stock began to slide and has just hit \$100. If you see further weakness in the stock, you could sell it at \$100 and simultaneously put in a buy order at, say, \$102. This means that if the price hits \$103, you will have again bought 100 shares of IBM and would have no problem delivering the stock if it is called away. Alternatively, you could buy a call option yourself and limit your own risk of option writing.

Covered call option writing is technical in nature and certainly not for everyone. Consult your financial planner who knows what's best for you.

SEMINAR: "The Market Crash — Five Ways to Protect your Money" and "How to Invest Home Equity SAFELY." The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be held 7-9:30 p.m. Tuesday, April 12, at the Kingsley Inn, 1475 N. Woodward, Bloomfield Hills.

Admission: Tax-deductible contribution of your choice. For reservations, call 643-8888.

Sid Mittra is a professor of management at Oakland University and president of Coordinated Financial Planning.

## Minimize your past due accounts

For any small business that offers products or services on a credit basis, the problem of how to successfully manage past due accounts becomes a concern. Although every owner or manager is interested in converting accounts receivable to cash in a cost-effective and timely manner, it doesn't always happen that way.

This is especially true for companies that must regularly offer credit given the nature of their business or industry. Construction contractors,

industry wholesalers and consultants represent just a few of the many organizational types that extend credit as regular industry practice.

THIS WEEK'S column focuses on some ways to help the independent business owner minimize his or her outstanding account status through proper planning, implementation and control procedures.

Before establishing a credit relationship with any business customer, business owners should initially require that each prospective account complete a credit application. The application should be structured to obtain a complete listing of all banks and lending institutions that the prospect does business with and include at least three customer or business references.

It then becomes the owner's responsibility to check all references or obtain additional information



focus: small business  
**Mary DiPaolo**

through a reputable credit reference bureau, such as Dun & Bradstreet or TRW. Taking the time to screen potential accounts in this way may help avoid the potential problems later on of outstanding account status.

NEXT, THE business owner should have in place an effective receivables management system to regularly track and monitor all account receivables. Unfortunately, many companies do not develop such a system until they have to, and, as a result, jeopardize their ability to make good business decisions relating to projected cash flows, turnover ratios, financing capabilities and bad debt reserves.

The primary purpose of a good receivables management system is to avoid business judgment errors based on incomplete or erroneous information while improving the quality and turnover rates of any outstanding accounts.

SUCH A system allows a company to maximize its ability to identify collection trends and potential problem areas. It is recommended that business owners contact a qualified accountant or receivables management consultant to obtain the appropriate assistance when developing this type of internal operating system.

Any past due accounts should be handled immediately. The longer an account is left past due, the real value of the account will continue to decrease. And the longer it takes to collect on an account, the less likely that it will ever be resolved.

Mary DiPaolo is the owner of MarkeTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Focus: The Small Business Environment."

## marketplace

Comerica Inc. has consolidated all of its southeastern Michigan banks into one bank, Comerica Bank-Detroit. The move affects Comerica's affiliate banks in Livonia, Southfield and Troy.

Invest America has established a franchise office at 2820 W. Maple Road, Suite 127, Troy. Video Financial Planning will be available there.

Respiratory Medicine Services has opened an office at 25811 W. 12 Mile, Southfield. The telephone number is 353-2779.

W.B. Doner and Co. of Southfield will handle advertising for the Gateway Pontiac Dealer Association.

Ralph Manuel Associates Inc. Relators of Birmingham was certified as a Translo Relocation accredited service company.

The Competitive Edge/Detroit of Birmingham was selected by Koons Management Group of Bethesda, Md., as its marketing consultant.

Meadowbrook Insurance Group of

Southfield is managing Select Insurance Group of North America Ltd., a captive insurance company based in Hamilton, Bermuda.

Mars Advertising of Southfield will handle advertising for the Metro Detroit Nissan Dealer's Association.

Burger Fresh, the Ann Arbor-based burger delivery pioneer, opened two outlets in Farmington Hills and one in Southfield. The Farmington outlets are at 35865 Northwestern Highway, near 14 Mile, and 24361 Haledale, near Grand River. The Southfield outlet is at 25218 Greenfield.

PRMI Marketing and Public Relations of Southfield will handle marketing communications for CMI Health & Tennis Club Inc.

PRMI Marketing and Public Relations of Southfield will handle for public relations and advertising for the Blue Sky Restaurant in Southfield.

Dykema, Gossett, Spencer, Goodnow & Trigg of Bloomfield Hills has changed the name of the law firm to Dykema Gossett.

## O&E Sports—more than just the scores

### MID WINTER GRAND PIANO SALE

\$3995.00

Through a very special arrangement with the manufacturer, Hammell Music brings to you a beautiful European styled Grand Piano at a truly affordable price. From their respected Imperial German design to their beautiful polished hardwood case construction, these quality musical instruments represent the best grand piano value ever to appear in a Hammell Music showroom. Each instrument has been meticulously prepared by our professional technicians for your selection. This is an introductory offer and our supply of these instruments is extremely limited, so come to Hammell Music in Livonia or Sterling Heights and take advantage of this incredible offer. Comparable savings are also available on other models during our Mid-Winter Sale. Sale ends Saturday, February 13th.

STEINWAY & SONS PIANOS • YAMAHA PIANOS • ELECTRONICS • SAMICK PIANO

### HAMMELL MUSIC INC.

15630 Middlebelt  
Livonia (1 mi. N. of I-96)  
427-0040

39110 Van Dyke  
Sterling Heights  
826-3550

**Zero**

Pay no discount points and no origination fees with the **Sears Upfront Advantage Mortgage**. Call today and save!

**589-3890**

**MORTGAGES AND LOANS**

AT THE SEARS FINANCIAL NETWORK CENTER

**OAKLAND MALL**

Sears Mortgage Corporation  
Sears Consumer Financial Corporation  
and Subsidiaries, © 1987

Remodeling in Oakland County Since 1965

**Bob Stern**

BUILDING COMPANY

ADDITIONS • KITCHENS • BATHS  
6190 Dunsmuir • West Bloomfield • 855-3889

**X-Country Skis are on Sale... Now!**

INCLUDING: FISCHER ELAN, LANDSEER EPOKE, BLIZZARD SALOMON ALPINA, ROSSIGNOL

FUNCTIONAL CLOTHING BY: PATAGONIA, NORTH FACE, MARMOT, SUNBUSTER.

FROM \$39.95

M-F 12-9  
SAT. 10-5  
SUN. 12-5

**Benchmark**

32715 GRAND RIVER AVE., FARMINGTON, MI 48024  
(313) 477-5118

**WANTED!**

**YOUR USED HOUSEHOLD FURNISHINGS AND DECOR ACCESSORIES**

We are now acquiring quality furnishings... bedroom sets, dining room sets, sofas, tables, chairs, lamps, crystal, brass, art work etc. for resale to discriminating buyers.

PROTECT YOUR PRIVACY and Avoid the Hassle, expense and disappointment of home sales. We do the pricing, pick-up, display and advertising to Sell Your Goods Fast and worry free!

For more details and an in-home appraisal, CALL 478-5811

**Re-Sell-It ESTATE SALES**

34769 GRAND RIVER AVENUE, FARMINGTON, MI  
Hours: Mon.-Sat. 10 a.m. - 6:00 p.m. - Sun. Noon - 4:00 p.m.  
Thurs. and Fri. till 9:00 p.m.

**Save TIME... Save MONEY! FAX IT!!**

- IN STOCK -

**\$1900**

MACHINE Plus 1 CASE OF PAPER

**FEDERAL COMMUNICATIONS CORPORATION**

32401 West 8 Mile Road  
Livonia, Michigan 48152  
313-476-2440

**AT&T** Authorized Distributor

**GOING TO GRAD SCHOOL?**

Prepare for the GMAT or GRE at Oakland University

**MODERATE COST — QUALITY INSTRUCTION**

Tuition includes text • Repeat courses at no charge

**PERSONALIZED INSTRUCTION**

Increased math content • Instructed by professional educators with at least master's degrees

**PROVEN TEST-MAKING STRATEGIES**

Effective methods • Timed practice tests • In-class feedback

**Intensive math refreshers course (optional) \$40**

**WORKSHOPS: Five Saturdays**

**GMAT - 20 hrs. \*140 Starts Feb. 13**

**GRE - 18 hrs. \*115 Starts Feb. 27**

**Call Continuing Education: 370-3120**

**Oakland University**