



William Maloney, senior vice president for sales and marketing of Allnet Communications, sees his company rebounding from the losses which have dogged the company.

## Allnet turns the corner

By Tom Henderson  
staff writer

William Maloney, senior vice president for sales and marketing of Allnet Communications, thinks he can see the light at the end of a long tunnel that has been filled, not with water, but with red ink.

"We have taken action we are very positive will put us in a positive cash-flow basis in the third quarter and beyond," he said of the Bingham Farms-based company.

Allnet lost \$60.8 million on revenues of \$449.7 million in 1986, \$26 million on revenues of \$394.6 million in 1987, and \$3.2 million on revenues of \$101.6 million in the first quarter of 1988.

**SHORT TERM**, that refers to two actions by the long-distance phone network, the nation's third largest — it refers to an influx of \$15 million of cash in a stock deal with Communications Transmission Inc. of Texas, with another \$15 million by the end of the year if CTT exercises an option to buy more stock, and it refers to the recent closing of two regional sales offices in markets where Allnet saw little chance of success.

Long term, it means that Allnet is going back to the basics, refocusing on its Midwest market and forgetting grandiose plans of competing with AT&T, Sprint and MCI from coast to coast.

"We weren't executing our regional focus as clearly and as crisply as we wanted," said Maloney, a Bloomfield Hills resident.

Does the closing this month of sales offices in New Orleans and Houston, following the closing of the Boston office last year, mean a retrenching for Allnet, and a return to the Lexitel philosophy?

"Absolutely," Maloney said. "You go back to what works. The upper Midwest is our core region. It provides us 55 percent of our minutes and revenues. And it's an area we are going to be concentrating more and more on. We want to be a carrier with a regional focus and a nationwide capability."

**TO PUT** that retrenching more clearly in focus, a lesson in recent history is in order.

Allnet, and its publicly held holding company, ALC Communications, have been in financial difficulty since the merger of Allnet and Lexitel in 1986.

"In going through the merger, an awful lot of our resources were spent putting the two companies together and fixing the problems we uncovered. That's behind us now," Maloney said from the company's corporate headquarters on Telegraph, south of 13 Mile.

Of the losses in 1986, fully \$49.9 million were related to network and office consolidations in merging two companies into one.

(Four hundred are employed at headquarters, with some 200 in the marketing offices at Lakser and Northwestern and some 300 in the credit, collections and data processing offices at Telegraph and 10 Mile. Maloney said the recent office closings had a minimal impact locally, with just five to 10 employees affected; some 200 were laid off nationwide.)

"We're going forward now," Maloney said. "You'll see progress. Not dramatic progress — we're not a company that is going to grow 40, 50, 60 percent a year. But there's no reason why Allnet can't be on a profitable basis from now on."

**LEXITEL**, whose management team now runs Allnet, and Allnet seemed a perfect fit. Lexitel had a strong infrastructure and revenues of some \$100 million annually. The company was backed by venture capital, with a conservative strategy for growth.

It was also profitable. Allnet, then based in Chicago, was started with a public sales offering and with a flurry of marketing and advertising, with a strategy of dramatic growth and high revenues, which were some \$300 million annually at the time of the merger.

Allnet had a weak infrastructure, though — billing, data processing, collections — and was not profitable.

One of the drawbacks of the merger was that the new company continued to pursue too actively the strategies of the former Allnet, Maloney said. It focused too much on expanding its sales nationwide, even in markets where in retrospect it had little chance of success.

**MALONEY** said that 1988 will be a watershed year for Allnet. It now has its 44,000-mile network of transmission lines in place and has started international service, 800 service and operator service.

Last year, it installed a fiber-optic system in Michigan. With a refocusing on its niche — small- to medium-size businesses (two-thirds of the company's 600,000 customers are residential, but 75 percent of the revenues are commercial) — and its regional strengths in the Midwest and the Baltimore-Washington area, Maloney said the company is firmly back on its feet.

Where some might have seen the new sale of 1 million shares of a new series of stock to CTT for \$15 million as further proof of Allnet's cash-flow difficulties, Maloney said the sale is a sign of Allnet's long-term strength.

## The heat's on these businesses

By Louise Okrutsky  
staff writer

When consumers are hot, businesses can find themselves with items that are even hotter. In some cases, weather conditions have provided everything but an arid business climate.

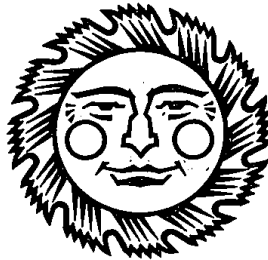
While gardeners shy away from planting shrubs and trees under drought conditions, nurseries report that just about any watering device is a hot item. This year, after a news story about the advantages of a root feeder for potted trees, nurseries can't keep enough of the garden gizmos on hand.

Last year, Thomas Harold Nursery and Florist, Livonia, sold 15-20 root feeders. In the last several weeks, they've sold 30-40. "We finally got a shipment in," said Dave Krajniak, a salesman with the nursery. "They really work. It forces the water in."

"This year, we're selling a ton of irrigation supplies," said Bob Walker, general manager of English Gardens, West Bloomfield. "I can't keep it in stock. The distributors are sending me back orders."

Although sales have slowed when it comes to plants, it's part of the seasonal cycle, according to Frank Huber, co-owner of Greenhouse Plant Center, Livonia. "It's just a little early this year. People are reluctant to plant." Usually business slows in July.

Some aspects of business for AAction Lawn Care of Canton, Toy slow at slightly slower this year. Drought conditions have curtailed landscaping projects as well as spraying lawns with chemical fertilizers. But business is flowing when it



comes to installing and repairing irrigation systems, according to the firm's secretary, Carol Bye.

Meanwhile at Aqua-Tech Irrigation, Farmington Hills, business blossoms with the heat. The firm installs and repairs underground sprinkler systems. "We're pretty busy," said Vonnice Boston.

**A LOT OF SERVICE** calls come from areas with low water pressure. Many consumers unaware that sprinkler heads won't rotate without adequate water pressure, call for repair service. "When the pressure comes back up, they're OK," said Boston. "Livonia, especially, seems to be having low water pressure."

When it comes to consumers keeping cool, movie theaters become a mecca for the hot and bothered. Theaters are experiencing an annual business trend about one month early.

"Normally people don't start coming in until July and August. We're about a month ahead of schedule," said Al Lovely, manager of Livonia Mall Cinemas 1-3. As in the past, summertime audiences show up for the movie and the air conditioning.

Usually in spring there's a slowdown when the warm weather first comes. Once the novelty wears off, people come back. Particularly with seniors, business in the afternoon is up."

But if the air-conditioned cool of a hot summer afternoon disappears, consumers hot foot it to the shops to put in a distress call with the nearest heating/cooling concern.

**SOMETIMES** the conversation can leave the secretary at the heating cooling contractor in a state of distress.

"You can't know. You should hear some of the phone calls I get," said Barbara Miller, secretary to the dispatcher at Aletha Heating and Cooling, Redford. "I used to love air conditioning season. But now I like heating season a lot better."

"When the heat is up, the air conditioning works harder. And with all the calls, it's a stress on the employees. Our first break was today (last Thursday). Our phone isn't ringing as much. When the temperature's in the 90s, people can't live without their air conditioning. They want service now."

Restaurants and other places of businesses especially want immediate service. "They lose their business without air conditioning," Miller said.

## Company refers repair services

By Louise Okrutsky  
staff writer

It's every homeowner's nightmare — paying in full for an unsatisfactory repair project.

Lynn Tomlinson of Birmingham needed to find someone to correct what had been done.

"I was turned really bad," she said. "I paid in full and lost my money."

She found the first repairman through a newspaper ad. She paid the full price, \$900 at the outset, to have new drywall in her family room. The results, according to Tomlinson, were disastrous.

"I had waves in my walls," she said.

After seeing the work, her neighbor suggested she seek a referral through the Homex Network.

The brainchild of a Lathrup Village heating and cooling contractor, Homex Network links maintenance and home improvement workers with homeowners. For a \$49 annual fee, homeowners can subscribe to the network. Contractors who belong to the network don't pay a membership fee but are charged a commission by the network.

**HOMEX CHECKS** out repairmen as consumers themselves should but all too seldom do, according to network general manager Dan Rubyan. In addition to checking contractors' licenses and references, Homex makes sure the contractor doesn't have any outstanding complaints lodged against him with state agencies.

Aside from its initial check, the company finds contractors in much the same way as any consumer

**For a \$49 annual fee, homeowners can subscribe to the network. Contractors who belong to the network don't pay a membership fee but are charged a commission by the network.**

would. Personal references, advertising, bulletin boards and even signs on well-maintained trucks seen on the road are sources.

**IN OPERATION** for 2½ years, Homex has seen most of its growth within the last 18 months, according to Rubyan. An estimated 800 clients receive referrals from a pool of 60 contracting companies. Most of the contractors are from the major trades including plumbing, electrical, heating/cooling, painting, and roofing.

Homex Network extends through Oakland and Wayne counties as well as Ypsilanti and Ann Arbor. Services such as lawn mowing and snow removal aren't handled because those generally focus on a specific area. The strength of a network like Homex lies in numbers. "We make sure a contractor knows it means more than one job. They're on their best behavior," Rubyan said.

**HOMEX CALLS** the homeowner

to get an opinion of different stages of the project, beginning with the estimate and continuing after the job's finished.

"They pay their money to the network and not the general contractor. The referral network is a tool to make sure they're satisfied," Rubyan said.

"If there's a problem, they argue with the guy, not you," Tomlinson said. "I like to maintain my home, but I bet there are people who don't because they don't want to go through all that."

When a complaint is registered, the network views itself as an objective third party.

"We've dropped contractors because of complaints," Rubyan said. But while the network strives for proficiency, it doesn't claim to offer the lowest prices.

"Sometimes we'll give people up to two contractors. But then we suggest they shop outside the network. We're not a discount service. We have standards of quality and we offer a competitive price," Rubyan said.

**THOSE WHO** have used the service to their satisfaction say they like the convenience of hiring a middleman.

"It's a great idea to have one service," A.J. Feeney said.

When Feeney put up his house for sale in Detroit's Roseville Park three months ago, his real estate agent included Homex as part of the listing service. Feeney used Homex primarily to find someone to paint the interior of his home.

"They did a superb job," he said. The Homex number is 569-6500.

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