

# Porsche still going it along, but for how long?

A Porsche today may be second only to gold chains as a symbol of quickly made money, a role as distant from Dr. Porsche's dream as the boom box is from the inventor of the printed circuit.

Early Porsches were marvels of automotive technology in an era when sports cars were mainly 1930s' designs on a second wind, popularized by American servicemen returning from World War II. The Porsche's rear engine was shared with the Tucker, the Auto Union race cars and the early Fias, but the execution in a light, air-cooled, sports car had a distinctly aeronautical influence.

Porsche came to power among a galaxy of sports cars produced in the 1950s and 1960s that embodied a

highly personal sense of style. But Porsche ultimately outlived them all, and today it's one of the few survivors of that golden age that hasn't been swallowed by a megaconglomerate or quietly expired.

Unpredictably, it did it mainly with the car that emulates the first Porsches — the rear-engine, flat-opposed 911 coupe. More recent efforts at more conventional design, including the V-8 powered, front-engine 928, four-cylinder 944 and the Audi-engine 924 never quite caught the full attention of hard-core Porscheophiles.

THAT PORSCHE has survived as one of a handful of independent auto companies in the world is testimony not only to the strength of the original design, but to some corporate



auto talk  
**Dan McCosh**

scrambling that has both paid for the development of some new cars and left the company as a potential candidate for a takeover.

Without high-volume production to offset the cost of tooling engines and transmissions for its sports cars, Porsche has relied heavily on the sale of some engineering services as a source of income. Outside design work now is in excess of 40 percent

of the company's gross revenue and climbing, according to Professor Helmut Bött, recently retired head of research and development.

Porsche was restructured as an Aktiengesellschaft, or public corporation, in 1972, and about four years ago ended a lengthy association with Volkswagen of America and built an independent U.S. distributorship. But these moves, aimed at build-

ing a stable future with the emphasis on U.S. sales, have floundered recently with the slumping U.S. sales shortly after major investments in new plant and facilities. Porsche executives quickly blame the drop in value of U.S. currency, which effectively raises prices in the U.S.

But more to the point may be the status of Porsche ownership as a kind of brief extramarital fling in the lifetime of car ownership. Few Porsche owners repeat the experience, but the cult status of the 911 guarantees a high resale value that doesn't necessarily happen with more current models.

Porsche today is in the midst of a major corporate reshuffling. Bött, who led the development of both the 911 and the racing program, has re-

tired. Heinz Brantzik, the internal financial expert who took over the equivalent of the president's post in Germany early this year, recently named Brian Bowler, a Bloomfield Hills-based account executive for DDB Needham as president, Porsche Cars of North America.

The rapid changes in the three key positions at the company have prompted speculation that another major upheaval is in the works, including a short-lived rumor Daimler-Benz is on the verge of buying an interest in the company — a rumor Porsche officials deny.

Regardless, a new Porsche more adaptable to the modern corporate environment seems inevitable.

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

## marketplace

**Business Directions**, a marketing and management consulting firm moved to 31100 Telegraph, Suite 230, Birmingham. The telephone number is 642-9601.

**Leco Diagnostics Inc.** of Southfield has had 51 percent of its stock acquired by a subsidiary of Recordati S.p.A. of Italy.

**Don Ellis Family Tire Center** of Troy added a computerized wheel aligner.

**Chonabar Telecommunications Consulting** of West Bloomfield will review the telephone equipment and services for all municipal buildings in Sterling Heights.

**Signet Industries** of Troy formed Marketing Strategies Inc. to market and sell products for Signet.

**Vickers Inc.** of Troy bought Polymotor Italiana S.p.A. of Italy from Philips S.p.A. Polymotor will become part of Vickers' electric products and controls group.

**Investment Management & Re-**

**search Inc.** opened an office at 36400 12 Mile in Farmington Hills. The telephone number is 489-0250.

**Standard Federal Bank of Troy** plans to acquire Peoples Savings Bank.

**The Yellow Pages Publishers Association** of Troy hired Martin/Williams Advertising of Minneapolis to handle its national advertising account.

**Snyder, Kinney & Bennett Inc.** moved to larger quarters at 348 E. Maple, just east of Woodward. The telephone number is 644-7000.

**Tel Plus Communications Inc.** opened a district office at 21286 Melrose Ave., Southfield. The telephone number of 356-5622.

**Michael Flora & Associates** of Troy will handle advertising for Michigan Rent-To-Own.

**Baker, Abdy, Cunningham & Klepinger Inc.** of Birmingham will handle advertising for LeaseFirst of Southfield.

# Play it safe until election passes

Now that we are coming to the end of a long and often-confusing election year campaign, claims and counter-claims, the question for the safety-conscious investor still is this: What is the best investment strategy regardless of who wins the election. The answer is simple: Play it safe.

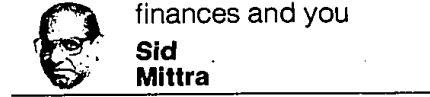
In this column I will develop several relatively unknown strategies which you might find to be of interest.

**Safe money market funds**

Contrary to the commonly held belief, money market funds are not guaranteed by the FDIC. In fact they are exposed to the same risk of default as any other uninsured funds.

However, you can make your investment safer by buying a fund that invests exclusively in Treasury issues. The yield of government-only funds is about three-tenths of a percentage point lower than that of the average money-market fund.

If the fund is structured as a limited partnership, your income would be exempt from state and local taxes. You would not have this advantage if the fund is organized as a mutual fund.



finances and you  
**Sid Mittra**

**Bond fund with shorter maturities**

Another attractive strategy is to invest in a high-grade corporate bond fund that limits its maturities to three years. Bond prices fall when interest rates rise, but the decline in bond prices with shorter maturities would be much less than the prices of long-term bonds. Also, the default risk of high-quality corporate bonds is negligible.

**Unit investment trusts (UITs)**

For those who wish to have both current income and capital appreciation, the best strategy is to invest in a UIT specializing in utility stocks.

Such a company would hold a fixed portfolio of 20-30 utilities stocks that are expected to grow after completing construction projects. This UIT would not only dis-

tribute current income but would also distribute capital gains upon maturity.

**Zeros with gold**

Finally, if you are unsure of where inflation and interest rates are headed, you may wish to choose a UIT that invests both in U.S. zero-coupon bonds and gold.

If interest rates rise, prices of zero-coupon bonds will fall, but gold prices are likely to rise, thereby limiting or erasing portfolio losses. The reverse situation will prevail if interest rates fall.

Also, upon termination of the UIT,

you will receive your principal plus 50 percent more in gold.

The partial list of novel strategies discussed here are complex. Consult your financial planner for a professional overview.

**SEMINARS:** "The Market Crash, One Year Later," "Making Money in a Sideways Market," "Creative Uses of Single-Premium Whole Life," "CD: No Penalty for Early Withdrawal" and "Trading in Limited Partnerships."

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be held 7-9 p.m. Tuesday, Dec. 6, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy 48064.

For reservations call 643-8888. Sid Mittra is professor of management at Oakland University and proprietor of Coordinated Financial Planning.

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