The Yugo stumbled, but others might not

If you are one of those people who believes that what this country needs is a good \$5,000 car, the trials of Global Motors aren't encouraging. Global Motors imports Yugos. Brainchild of promoter Malcomb Firkkiln, Global is in the midst of what is politely referred to as "reganization," the aftermath of Brickkiln selling it to a group of mivestors represented by Mabon Nugent and Co. for \$20 million. Almost from the start, the Yugo was not a well-loved automobile, whether it was voiced in spray paint on expressway underpasses by irate channels are to the start of the start



Yugo, and later the plan was to in-clude a Japanese-designed car built

in Malasia.

The idea wasn't as crary as it seemed on the surface because established manufacturers were supplying the expertise for the projects, and the lure of export earnings prompted the local governments to bend over backwards to supply the

cais if Bricklin could sell them.

As it turned out, he couldn't. Yugo sales are about a \$0,000 annual rate
— about a third of the volume a reaconable import franchise network seeds to be profitable. Comprehensive warranties, easy, if expensive, linancing and even a couple of sport models did little to change the picture for Yugo, with the main hope

ered Proton Saga.

Global's troubles can be quickly traced to product quality, consumer mistrust or problems with setting up

the dealer organization.
On the other hand, I suspect the most significant factor in the Yugo saga may have been the nature of the cheap car market in the United

ONE OF THE problems Yugo ran into was qualifying credit for first-time or otherwise indigent buyers. Loosening credit requirements than late into credit-card-like interest rates — terms that offset the initial low price of the car.

Dan McCosh is the automotive into many properties of the car.

car insurance rates quickly equal a monthly car payment, and the total of the two monthly installments on a \$5,000 car lands in the neighborhood of \$350. In other words, the paper costs of car ownership — mainly interest and insurance, is such a biportion of the total, the low cost of the car becomes almost incidental. Regardless, the Yugo enterprise is being closely watched by others interested in similar imports, including the Romanian Dacia, the Indian Mahindra and the Grecian Desta — all built in countries poor enough that a Yugo seems like a luxury beyond their wildest dreams.

annual Social Security income

1987 earnings		\$20,000	\$25,000	\$30,000	\$35,000	\$45,000+
age in 1988				* •		
25	Individual	11,796	13,548	14,568	15,600	17,625
	couple	17,688	20,316	21,852	23,400	26,472
35	individual	10,898	12,540	13,476	14,436	16,296
	couple	16,344	18,804	20,208	21,648	24,444
45	Individual	9,972	11,496	12,260	13.104	14,412
	couple	14,952	17,244	18,540	19.656	21,612
55	Individual	9,048	10,334	10,920	11,352	12,036
	couple	13,572	15,516	16,380	17,028	18,048
65	individual	8,100	9,216	9,564	9.792	10,056
	couple	12,144	13,824	15,340	14,688	15,084

Don't overlook Social Security when figuring retirement income

More than 90 percent of our finan-cial planning clients do not have complete information on their Social Security income. This is not surpris-ing, considering that many don't be-lieve they can count on Social Secur-ity being there when they retire.

What can you expect?

The accompanying chart (Money, August 1938) presents a summary of your expected Social Security earnings in 1988 doltars. For instance, if you are 55, have a non-working ings in 1988 dollars. For instance, if you are 55, have a non-working spouse and earned more than 35,000 in 1987, you may expect to receive \$11,048 a year from Social Security when you reach \$5. In prapring this table, the Social Security Administration assumed that your annual income, adjusted for inflation, will rise by 1 percent per year.

1. The earliest you can claim Social Security benefits is at age 62. However, at that age you can get just 80 percent of your full benefits. You will receive your full benefits from will trull age 55.

2. If you continue to work until you are 70 and then claim Social Security income, your benefits will in-

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crease by 33 percent.

3. Upon your death, your children will receive Social Security benefits until they reach 18 or 19, depending upon when they finish high school. Also, a non-working spouse can collect Social Security until the young-set child is 16. However, if the single spouse starts working, he or she will lose \$1 for every \$2 earned in excess of \$8,400 a year for those recipients between 65 and 70.

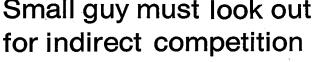
4. In addition to retirement benefits, Social Security paya disability benefits. However, you receive these benefits only if you are unable to work for a year or If you are terminally ill. Also, disability benefits include income for dependent children.

In order to get your Social Securi-

ty benefits in the form of an eight-page document, "Personal Earnings and Benefit Estimate Statement," cail 1-800-937-2000 and request form SSA-7004. Six to eight weeks after you mail this form, you will receive your personal earnings statement.

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in a Sideways Market," "Annuity —
a Booming Market," "CD: No Penalty For Early Withdrawal" and
"Trading in Limited Partnerships."

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Pinancial Pinaning, will be 7-9 p.m. Tuesday, Dec. 6, in the Offices of Coordinated Financial Pinaning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy. For reservations, call 643-8888.



Knowing the competition is a critical management-related task for any business.

It may take months to do this because it isn't always the same or similar type of business that poses the biggest competitive threat. Major competitions aren't always within five miles of another.

This week's column focuses on the ways in which business owners and managers may objectively evaluate and subsequently identify limes which represent the competition.

In his book, "Practical Marketing for Small Business," Herman Hust of the substantial of the substantial to the subst

ON THE other hand, these merchants also compete indirectly with unrelated businesses that attract the same type of cilentele and have products or services that potentially satisfy the same needs. As a result, identifying indirect competitors becomes a more complex assignment.

But the fact remains that indirect

focus: small business Mary **DiPaolo**

competition is now more of a threat to small businesses than ever before. It is no longer safe to assume that "anyone selling dessert" is a pastry shop owner's primary concern. Buying pastry typically satisfies an emotional need — as does the purchase of a wide range of goods and services.

total wide range of goods and service.

Keeping this in mind, a local fit-incas club, bookstore or florist may represent major competitive threats otherwise overlooked by the pastry shop owner. As Holtz points out, ". one common cause of failure in business ventures is improperly identifying and underestimating the competition."

Finding out where customers come from may be obtained through existing sales data; knowing where they go and what they buy when not doing business with you may be collected as part of periodic customer surveys.

. THE COMPETITION is not al-ways limited to establishments situ-ated within and around a shop's loca-

tion. This is especially true when the products or services offered include specialty or higher-priced "shop-ware to the products of the produ

Canada."

Next week we will explore some of the myths associated with achieving a competitive advantage in small business.

In a previous column, the American Society of Journalists and Authors was listed as a source for rates paid for articles submitted to specific publications. This information is available only to members of the ASJA.

Mary DiPaolo is the owner of MarkeTrends, a Farmington Hills-based business consulting



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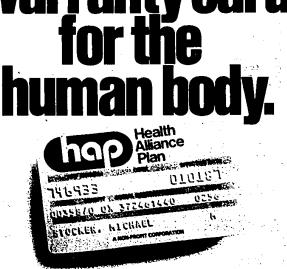
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