

Japanese open U.S.-style dealership — sort of

Quick impressions are always suspect, and when they are formed while one is sandwiched between two 12-hour plane rides — outboard in the company of an engineer from Muskegon intent on installing the first high-tech bowling alley in Tokyo and return with a Livonia-based basket wholesaler returning from the Philippines — the level of surrealism thus achieved can turn your mind to peanut butter.

Regardless, my latest visit to the Far Eastern land of Oz and automobiles once again confirmed a long-held premise that strange cultures are not alien as much as they are a mildly distorted version of the familiar.

In this there is some hope for the future existence of a domestic auto

industry — at odds with the view, widely held in California, that the Japanese, working with both sides of their brains, inevitably will take over the entire western military industrial complex after they have finished mopping up the German and U.S. automobile industries.

In fact, I've spent a lot of time arguing that the Japanese aren't doing much more than pursuing a program of economic common sense and in fact are plodding along a path well-trodden in the past by American, and before that British, German, Italian and even French entrepreneurs.

All of which makes a fine view to hold until you hit the streets of Tokyo and things get weird.

Take for example, a visit to a Japanese car dealership.



auto talk
Dan McCosh

A car dealership might not seem like such a big deal, but cars in Japan are sold door-to-door, rather than by salesmen hanging around in plaid sports coats while everybody is at work, then slamming the doors on weekends, as they do in Detroit.

Greater Nagoya is so sparsely populated that people can park their cars — a luxury in itself that leads to a relatively high rate of car ownership. Hence the great experiment.

An actual dealership, dedicated to moving the iron, with salesmen hanging around and everything, just like in the U.S.

Sort of.

As I walked into the dealership, I was greeted by a line of smiling young women wearing something that looked like Catholic school uniforms who bowed as I walked in the door. I kind of liked that. Then I noticed the art gallery, and the enameled white grand piano. And then the boutique — selling a variety of auto-

motive fashions.

And over in the corner, some cars.

The theory behind all this is that Japanese car salesmen can't quite picture anyone coming in with his money in his hand simply to buy an automobile, so they set up these other attractions to kind of lure them in slowly, then ease them over to the cars, where they are offered a test drive and lots of follow-up.

Some of the sidelines turn into sizeable businesses on their own. Take for example, the drive-in movie screen the dealership has installed in the back of the used-car lot, to use up some of the extra parking space.

At first, the whole idea of a drive-in movie seemed a bit far-fetched.

Hence the unlimited mileage drive-in car rental option, whereby a

couple or four can rent a car, drive it behind the dealership and go to the drive-in movie.

Like I said, common sense.

If you think I'm making this up, maybe I shouldn't go on about the rest of the dealership, which included a home show across from the drive-in movie, where three Toyota-built model homes were available for walking tours. Also a community center, a quilting exhibition and a 30-second car auction.

I'm sure you wouldn't believe me anyway. Next time, however, I hope I'll get to see the Muskegon guy's bowling alley.

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

Places to save: 6 guidelines you should consider

Part I

In recent weeks I have received many inquiries regarding the best place to save. While safety is a basic concern, it should not be the only concern. In a two-part article I will discuss this topic in detail.

There are six major criteria for determining where money should be saved. These are safety, liquidity, simplicity and minimum balance requirements, special service features, tax considerations, and return on savings.

safety

At the present time, all national banks and many state banks are members of the Federal Deposit Insurance Corp. (FDIC). This means that the checking, savings, and certificate of deposit accounts at these banks are insured against bank failure for up to \$100,000 on each account maintained at these banks.

Similarly, savings and loan associations are insured for the same amount by Federal Savings and Loan Insurance Corporation (FSLIC).

Finally, credit unions are insured by National Credit Union Administration (NCUA).

In addition to the deposits insured by various government agencies, savings put into various types of government bonds are as safe as paper investments come. However, money market accounts at various brokerage firms and other financial institutions are neither insured nor completely safe.

liquidity

Insofar as being able to convert savings into cash quickly without losing the principal is concerned, checking and savings accounts in banks and credit unions as well as money market accounts provide a high degree of liquidity. In contrast, certificates of deposit provide higher



finances and you
Sid Mittra

interest rates but restrict withdrawal privileges.

Similarly, the various types of U.S. government bonds lack complete liquidity in that an early conversion results in a partial loss of return.

simplicity and minimum balance requirements

It is simple to deal with all of the various types of accounts under consideration. In most instances, in order to transact business with them, the depositor need only present the passbook or call the broker to deal in government bonds.

Insofar as the minimum-balance requirement is concerned, banks and credit unions do not require any minimum balance to open an account and a negligible balance to maintain it. Savings bonds and U.S. bonds can be bought for amounts ranging from the low of \$18.75 (series E bonds) to \$10,000 (treasury bills and bonds).

special services

For providing special services, no other institution can match those offered by commercial banks, or what are frequently called full-service banks.

In addition to the traditional bank-

ing services, most banks offer special services that add to their quality. These services include twenty-four hour banking through automatic teller machines, good deal on loans, travelers checks, income tax preparation services, investment management services, and even travel advice and airline tickets.

tax considerations

Of all the savings alternatives discussed above, only interest income received on a tax-exempt money market fund is exempt from federal income taxes. The simplest way to decide the relative attractiveness of a tax-exempt money market fund is to convert it into a fully taxable equivalent. This can be easily done by using the following equation:

Equivalent Fully Taxable Yield = Tax-Exempt Yield / (1 - Marginal Fed. Tax Rate)

Thus, if the yield on a tax-exempt money market fund is 5 percent and

the investor is in the 28-percent tax bracket, the equivalent fully taxable yield is 6.9 percent.

Equivalent fully taxable yield = 5% / (1 - 0.28) = 6.9%

Next week: more on savings criteria.

SEMINAR: "Lump Sum Distribution — Five Choices," "Medicare Tax — Myth vs. Fact," "Mutual Funds — Taxable vs. Tax-deferred" and "High Returns — Must You Sacrifice Savings?"

The Seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Tuesday, June 13, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy.

For reservations, call 645-8888.

Sid Mittra is a professor of finance in the school of business at Oakland University and owner of Coordinated Financial Planning.

marketplace

Dakla Design Inc. of Birmingham is a new commercial interior design firm at 625 W. 11th Ave.

Contract Interiors of Southfield was selected as one of only six steelcase dealers nationally to participate in their Quality Alliance pilot program.

MARS Advertising of Southfield was signed on for another year with S&W Fine Food as its advertising and marketing agency.

Quality Copier Service opened its second location at 29517 West Nine Mile Road in Farmington Hills.

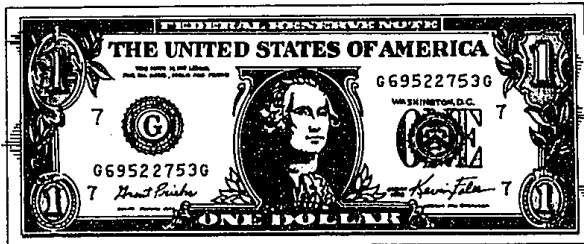
Hermanoff & Associates Inc. of Farmington Hills was chosen by Daniel J. Edelman Inc., the eighth largest public relations firm in the country, to serve as its network affiliate in the Detroit area.

Software Development Co. of Farmington Hills announces the completion of ACCU-COFT, an estimating software system designed for residential home builders.

Sohlgan & LaChiusa Inc. of Southfield was appointed advertising agent for LOVEPATS.

Dennis R. Green & Associates Inc. of Southfield was named advertising agency for The Arbor Springs Water Co.

The One On The Right Is Worth More.



A Dollar Bill Invested In A Long-Term Deposit At Some Other Bank.



A Dollar Bill Invested In A Long-Term Deposit At Manufacturers Bank.

Earn Monthly Compounded Interest From Manufacturers Bank.

At first glance, it might seem that both dollars are worth the same amount. Much like the interest earned from two time deposits with the same rates and terms. Well, don't be fooled by appearances. Because not all banks calculate interest the same way.

While some other banks offer you simple interest on your time deposit of one year or longer, Manufacturers Bank compounds your interest monthly. So, instead of just earning interest on your deposit, you earn interest on your interest, too. Month after month.

So even though time deposit rates may look the same, you really can't

| ONE-YEAR TIME DEPOSIT | AMOUNT | METHOD | RATE | EAY* | INTEREST AT MATURITY |
|-----------------------|---------|---------|-------|-------|----------------------|
| Manufacturers Bank | \$5,000 | Monthly | 8.75% | 9.11% | \$455.00 |
| Some Other Banks | \$5,000 | Simple | 8.75% | 8.75% | \$437.00 |

*Effective Annual Yield

take them at face value. After all, if your bank doesn't compound interest monthly, they're not giving you your money's worth.

Monthly compounded interest. Just one more advantage of banking where business banks. Before you open your next long-term time deposit, ask your bank to explain how they calculate their interest. Or simply come to Manufacturers and get the advantage of interest compounded monthly. Just visit any nearby branch or call us today at 1-800-642-9910.

Substantial penalty for early withdrawal. Rates subject to change.

Member FDIC



Bank where business banks.