

Japanese try for crowded luxury car market

P.T. Barnum might have discarded the nonsense surrounding the introduction of Toyota's Lexus and Nissan's Infiniti by noting that there is a luxury car owner born every minute.

The new Japanese luxury cars are the first Japanese luxury cars introduced in the United States — unless you count Honda's Acura Legend — and have been the recipient of rave reviews from the enthusiastic press even before the first one gets here.

This reception by the auto journalist pack is unusual, as it's supposed to take years to establish a top name in the auto business.

the back rooms of Studebaker dealerships and took two decades or more to reach the point where New York street gang members found it worthwhile to steal their hood ornaments.

BMW was even more low key. Early BMWs ran around disguised as Corvairs for eight years or so until the company finally got around to selling some regular-looking cars in the late 1970s.

Still BMW didn't emerge full-blown as an icon until the stock madness of the 1980s, when the same guys buying BMWs were buying pink suspenders. Go figure.



auto talk
Dan McCosh

Japanese entrants into the luxury car market guarantees some notoriety on the street — an important aspect of any luxury-car sale and a quick sendoff for some future image.

Much of the attention paid to the new Japanese entrants stems from the obvious comparison to the top German nameplates. In fact, not being fools, the Japanese studiously studied German engineering and

lesson from the Germans about winning and dining auto journalists in Europe on a new-car junket.

Like most automotive ventures, the Japanese push into the luxury-car field is less an engineering exercise than a gamble on a shift in popular culture. The Japanese bet isn't based on their ability to make cars but on an appraisal of seemingly boundless wealth in the United States, which continues to grow despite, among other things, the struggle to compete in the auto business.

NISSAN, FOR example, believes there are 37,000 37-year-old women in the United States making better than \$80,000 a year, waiting to buy their new car. It's a relentlessly optimistic view.

Market analysts at Mercedes are looking at better than a 10-percent slump in the same market — which would have to double in size to sustain the sales predicted for the new Japanese luxury marques. And Mercedes still is doing better than Porsche or Saab, two other cultural icons of the generation.

As it turns out, one of the few upscale brands not struggling these days is Volvo, which went after the grand market rather than the stock market.

Now that I think about it, has anybody seen a Bentley lately?

Dan McCosh is the automotive editor of Popular Science.

Build your income tax return on solid deductions

In a five-part article, I will discuss the five D's of tax planning techniques: deduction, diversion, deferral, deflection and diminution.

The forgotten deductions Many taxpayers assume, somewhat naively, that since there are 7.5-percent and 2-percent floors imposed on medical and miscellaneous expenses, respectively, they possibly cannot pass the threshold at which these expenses become deductible. This is usually not a good assumption.

Like medical deductions, miscellaneous deductions also offer valuable tax-reduction strategies. For instance, cost of membership dues, financial planning and accounting fees and unreimbursed business expenses are examples of often-overlooked deductible miscellaneous expenses.

Estimated savings are approximately \$350 for a household bunching \$3,500 worth of deductions into one year with \$75,000 adjusted gross income.



finances and you
Sid Mittra

single year for medical expenses or dependent care not covered by employee benefits.

Annual limits for dependent care are \$5,000. Medical cost maximums are not set by law but by employers.

While FSAs provide an excellent tax-reduction strategy, they do have one important drawback: The money set aside in this account during a given year must be used during that year or it would be forfeited.

Moving expenses The tax treatment of moving expenses is different from the treatment of most employee business expenses in that this deduction is not subject to the 2-percent floor that applies to other miscellaneous deduction.

close to the standard deductions, prepaying certain expenses can not only lower overall tax liability, but it can also be useful if the tax rates were to decrease in the future.

Some deductible items can be prepaid, such as charitable contributions, miscellaneous items, property taxes, and so on. This will allow the taxpayer to claim an amount greater than the standard deduction in the current year and will minimize current tax liability.

Of course, if appropriate, in the following year the standard deduction can be used to minimize the tax burden.

For example, if in 1989, Bill Jones, a single taxpayer, had itemized deductions of \$2,900, he could claim the standard deduction of \$3,100. However, a more profitable method of managing deductions would be to prepay in 1989 as much of the 1990 deductions as possible, raising the total itemized deductions from \$2,900 to, say, \$3,900.

This would allow Bill Jones to claim the excess itemized deductions in the first year and still claim the standard deduction amount in the second year. This strategy would successfully reduce the overall tax liability for both years.

Seminar: "Planning Strategies for the Young and Successful," "How to Tame the Volatile Market," "Long-Term Health Care," "Annuities — the Only Tax Shelter Left?" and "Retiring — Your Best Financial Choice."

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Tuesday, Sept. 12, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy.

For reservations, call 643-8888.

Sid Mittra is a professor of finance, School of Business of Oakland University and owner of Coordinated Financial Planning.

Absentee owners must set firm guidelines from the beginning

If anything long-term professional success means no more than starting a business, everyone would do it. But experienced entrepreneurs realize that opening a business is easy compared to the task of keeping it open.

This may be even more applicable for business owners who are involved with more than one venture, have families and pursue a variety of outside interests. As a result, the need to maintain a proper balance between the demands of business endeavors and personal life becomes crucial.

owner can't decide on the level of authority he's willing to delegate or keeps changing his mind about it."

John Henke, professor of marketing at Oakland University, believes absentee owners cannot expect their companies to succeed when they aren't sure of their own expectations or are inconsistent about providing the necessary guidance and support.



focus: small business
Mary DiPaolo

"Owners must be very clear right from the start about what they want and expect; otherwise the business is bound to suffer," Henke said. "The whole point is to be available when

you're needed, and yet confident that the business is in good hands when you're not there."

Mary Ellen Lemure, former office manager for a downtown Detroit law firm, agrees with Henke, adding that some owners are not able to function as absentee owners.

"It's the old 'no one can do the job like I can' mentality. Instead of working with the person in the best interests of the business, the owner wastes more time playing watchdog — worrying about performance."

She suggests that owners, overwhelmed by their involvements with one or more businesses consider all options. "A person can always sell the business, hire a trusted family member to run things or take on partners to help ease the burden."

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, "Chamber Perspectives."

As a solution, a growing number of entrepreneurs have become absentee owners. In this arrangement, a manager is given complete power to act on behalf of the owner in the affairs of the business.

Although this arrangement has the potential to work out well, it requires that the business owner develop and maintain an open communication line with his or her manager designate.

"There's always going to be some decision you've made that the owner questions or doesn't agree with," says one former manager of a Southfield computer graphics company. "But it's definitely worse when the

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