

Masco Corp. looks like good stock

Q. I have been a fan of Masco Corp. for many years and have rated it as a top-quality growth company. I just read in the paper that it is reporting a decline in earnings for the quarter and expects to also report lower earnings for the full year. Since this is the first time in its history that it has reported a decline, I am wondering if you would feel that there has been a change in the nature of the company's business and if you feel that in the future its earnings will be less dependable.

A. I would guess that in the future Masco will continue to be an excellent growth company, but I would expect its earnings to show more fluctuation.

That needs a little explanation. Growth in a business usually comes in one of two ways. In some cases, there is a new product that experiences growth until the market is saturated. Sometimes that kind of growth can be extended by continuous innovation in the product or service.



today's investor

Thomas E. O'Hara

of the National Association of Investors Corp.

IN OTHER cases, growth is produced by the drive and skill of management. That is management is driven to enlarge the business and has the skill to develop the product, invent new products or acquire new businesses that result in continuing growth.

That kind of growth is usually the most dependable and is counted on to continue as long as the current management is on hand. Sometimes such a management is able to train successors to continue the same kind of growth. The 3M Co. is an illustration of a company where this has occurred.

IN MY opinion, the management

of Masco is of that nature. In many cases, its products are what many would call cyclical, yet management has been able to grow markets and expand sales regularly for many years.

With the demonstrated record that management has of being able to produce growth, I would have confidence that it would continue in that pattern.

At the same time, we must recognize that as the business becomes larger, it becomes more difficult for management to overcome the cyclical swings of some parts of the business. The furniture business is now a very sizable part of the business and is also very cyclical.

MANAGEMENT HAS stated that in the coming five years it expects to double sales to about \$5 billion. That is a very good rate of growth, even if it is not as regular as growth has been in the past.

This could mean that the price of the stock may fluctuate more. However, the investor should do well from one cycle to another.

Thomas O'Hara of Bloomfield Hills welcomes your questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free one-year subscription to the investment magazine "Better Investing." For a sample copy of "Better Investing" or information about investment clubs, write Today's Investor, P.O. Box 220, Royal Oak, MI 48066.

datebook

● REALTORS MEET

Wednesday, Nov. 29 — Education committee of South Oakland County Board of Realtors meets at 11:30 a.m. in Troy. Information: 585-1283.

● LONG-TERM CARE

Thursday, Nov. 30 — Free long-term care seminar at 7-8:15 p.m. in Troy. Reservations: Deborah Keeler, 879-1400. Sponsor: Shearson Lehman Hutton.

● COMMERCIAL INVESTORS

Thursday, Nov. 30 — Commercial Investment Division meets at 9 a.m. at the Radisson Plaza Hotel, 1500 Town Center, Southfield. Speaker: Jim Berline, president of the Berline Group Inc. in Birmingham. Topic: commercial real estate marketing and advertising. Non-member admission: \$12. Information: 585-1283. Sponsors: Detroit Board of Realtors, South Oakland County Board of Realtors.

● OAKLAND CHAMBER

Wednesday, Dec. 6 — Oakland County Chamber of Commerce holds member mixer 6:30-8 p.m. at the Kingsley Inn, Bloomfield Hills. Non-member fee: \$10. Information: 644-1229.

● VENTURE GROUP

Friday, Dec. 8 — Southeastern Michigan Venture Group meets at Walsh College, 8338 Livernois, Troy. Information: Scott Eisenberg, 446-0100. Members include accountants, lawyers, consultants and other service providers who can assist in the development of new businesses.

● VENTURE GROUP

Friday, Jan. 12 — Southeastern Michigan Venture Group meets at Walsh College, 8338 Livernois, Troy. Information: Scott Eisenberg, 446-0100. Members include accountants, lawyers, consultants and other service providers who can assist in the development of new businesses.

marketplace

Lawber & Co. Inc. of Southfield is offering computer programming for direct market applications.

Real Estate One Commercial Inc. has merged with D.N. McNabney & Associates Inc. of Bloomfield Hills to form D.N. McNabney/Real Estate One Commercial Inc.

Merritt & McCallum Architects of Farmington has changed its name to Merritt McCallum Cieslak.

Handel Leather Co. opened a Detroit office at 50 W. Big Beaver, Suite 175, Troy. The telephone number is 689-0999.

The Berline Group Inc. of Birmingham was hired by Louis A. Wright & Associates Inc. to handle advertising and public relations.

Michael Flora & Associates of Troy won two awards in the Cable TV Advertising & Marketing Association advertising and marketing competition. The awards were for campaigns produced for United Cable Television of Oakland County.

Wemco's World Promotional Models of Southfield was acquired by World Promotions Inc.

Franklin Savings of Southfield, a federal savings bank, intends to convert to a commercial bank charter.

Yaffee & Co. of Southfield was named advertising agency for Park West Gallery in Southfield.

Lawrence M. Elkes has moved his law office to 3000 Town Center, Suite 1820 in Southfield. The telephone number is 358-5300.

International Business Centers offers office space and services to small businesses at 1475 W. Big Bea-

ver. The telephone number is 637-2400.

Nationwide Medical Billing Services Inc. of Birmingham hired Michael B. Green & Associates Inc. of Birmingham as its advertising agency.

Prudential-Bache Securities opened an office at 1415 Walton Blvd. in Rochester. The telephone number is 652-6400.

Oil Dispatch of Southfield hired Michael Flora & Associates of Troy as its advertising agency.

The Packaged Deal of Southfield has been hired to provide public relations and advertising for Austin Galleries, a national chain that distributes fine art worldwide.

Holiday Inn of Bloomfield Hills received Holiday Inn's superior hotel award for 1989. About 12 percent of the Holiday Inns nationwide earn the award.

Oliver/Catalano/Grubb & Ellis of Southfield changed its name to Grubb & Ellis. Grubb & Ellis is a commercial real estate services company.

Poyte Associates Inc., a West Bloomfield-based insurance and risk management services agency, hired Sheila Sloan Public Relations Inc. of Southfield to handle its public relations and events marketing.

Yaffee & Co. of Southfield was named advertising agency for M-CARE, the health maintenance organization sponsored by the University of Michigan Medical Center.

Mail Boxes Etc. USA of Southfield sold its 1,000th franchise. Mail Boxes Etc. is the nation's largest franchiser

of postal, business and communication services.

Jenkins, Magnus, Volk & Carroll of Bloomfield Hills, an accounting, auditing, tax and management consulting firm, added the practice of N. David Scott CPA.

Business Marketing Association is the new name adopted by the former Industrial Marketing Group.

Southfield Marriott opened at 27033 Northwestern Highway. The telephone number is 356-7400.

Grant & Millman moved to 30180 Orchard Lake Road, Suite 300, in Farmington Hills. The telephone number is 626-5522. Grant & Millman is a certified public accounting firm.

Sheldon J. Scott Inc. of Birmingham will handle public relations and market consultation for NA Tech in Lincoln Park.

Marketing Impact Inc. moved to 30700 Telegraph, Suite 4648, Birmingham. The telephone number is 646-6611.

Associates Creative Inc. of Southfield opened its second graphics suite.

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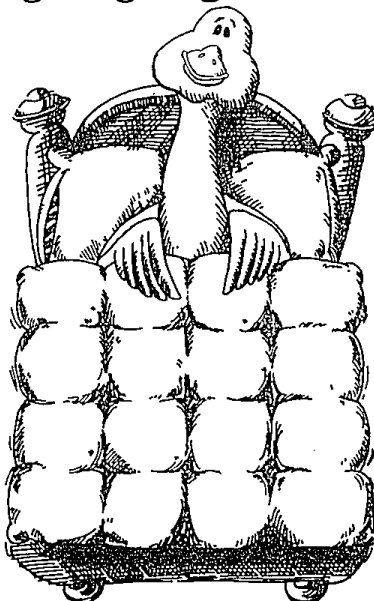
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