

Business

Marilyn Fitchett editor/591-2300



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Firm uses data bases to forge business deals

By Doug Funke
staff writer

They worked together 15 years ago in the loan department of a commercial investment firm, went their separate ways, eventually acquired shares of different companies, then split after having a falling out with their respective partners and majority ownership.

Now they're back together again — Charles W. Peterson, 36, of Rochester Hills, and Larry J. Vingelman, 45, of Farmington Hills.

The two, who recently completed their first year as consultants/investment bankers in Troy, said the experience pretty much mirrored expectations.

C.W. Peterson & Co. only lost about \$2,000. Not bad, they figure, considering that they paid themselves salaries and most new business don't survive to celebrate a first anniversary.

"Our philosophies are very similar," said Peterson, who has accounting and law degrees. "It's build the business and forego personal advantage for the time being. In the long term, you'll make more money. The firm becomes more valuable on a multiple of earnings."

"WE MAY ARGUE how to get there, but never fundamentally what we want to achieve," added Vingelman, who has a finance degree and has become an expert at accessing computer data bases.

During their first year in business, the partners:

- Helped a Troy-based distributor of bottled water renegotiate and

- increase lines of credit through debt financing. Without analysis and development of a financing plan, tremendous sales growth could have suffocated the company, they said.

- Found a buyer for a Livonia construction firm, then found equity financing for the buyer. The transaction had to avoid several legal and tax mines along the way, they said.

- Found a buyer for an Oak Park stamping company after analysis determined that refinancing of debt wasn't feasible.

- Helped a small Troy manufacturer who had developed a specialty marine switch identify potential customers.

The partners specialize in working with privately owned companies valued at \$5 million to \$50 million. About half of their work involves sales, acquisitions or mergers. The other half is divided between consultation services and refinancings.

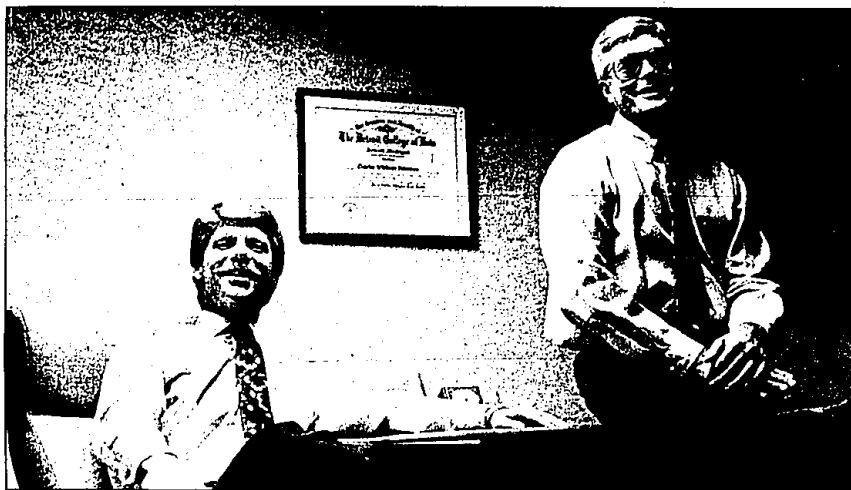
"WE ORCHESTRATE a transaction, structure it, negotiate it," Peterson said. "We'll seek out equity players (investors) for buyers or traditional financial services (loans) to complete a transaction."

What separates their firm from other smaller operations is their use of the computer to analyze and structure deals, the pair said.

"Information is critical to investment banking," Vingelman said. "Information for us is what makes or breaks our ability to service a company."

"We have access to 1,200 data bases," Peterson said, raring for a two-person consulting business.

Examples would be fillings with



Charles W. Peterson (left) and Larry J. Vingelman use accounting, legal and finance training plus access to computer data bases in their two-man consulting/investment banking firm.

the Securities and Exchange Commission, lists like all division heads in a particular industry and all articles written in particular fields during the past 10 years.

"I'm an on-line junkie," Vingelman conceded.

"We both share an interest in succeeding at business," Peterson said. "When I need a computer search, I say, 'Larry, go to it.'"

"He's a lawyer and if I need a contract I say, 'Go to it,'" Vingelman added.

"WE BOTH START analyzing ourselves," Vingelman said. "We both

have good ideas. We take the best of both. Eventually it becomes ours."

"In order to be knowledgeable and comfortable with the deal, you both have to do it," Peterson said.

Equity financing is now much more popular than debt financing even though a single owner gives up some control with the latter, Peterson said.

For one, banks insist on more equity participation.

"We found during the '80s, when we gave companies too much debt, it was always based on good times," Peterson said. "People assumed they would increase sales, profits. Debt

must always be repaid and it has a cost."

"Equity doesn't. Whether a company is doing good or bad, it doesn't interrupt or interfere with cash flow," he said.

Equity syndicates generally consist of insurance companies, pension funds and private investors.

"They might want 20-80 percent control. They don't run daily operations. They provide money and advice. They're looking for long-term goals — growth."

"All leveraged buyout firms of the '80s doing debt (junk bonds) have converted to equity firms," he added.

ed. "If you've got the deal, you can find equity."

That often is the big rub. Owners of privately held companies often are their own worst enemies, Vingelman and Peterson said. Sometimes they can't see what needs to be done. Sometimes they can see it, but don't want to do it.

"Guys who were great at selling bottled water were not so great at financing," Peterson recalled. "Downsizing is an admission of failure."

"Any time there's talk of changes, there's a lot of emotional resistance," Vingelman said.

Volunteer Impact matches workers with organizations

By R.J. King
special writer

As marketing director for an insurance and estate planning firm in Southfield, Elizabeth Kanter does not usually carry out domestic policy. As someone who embraces volunteer work, neither does she have close ties with the White House.

But the two lives of Kanter have collaborated on a face of the Bush Administration's domestic agenda — a non-profit group that details how a corps of volunteers the President likes to call "a thousand points of light" can meet the needs of Metro Detroit's downtown.

The group, Volunteer Impact, based in Southfield, is an example of how a snippet of campaign oratory has grown into a cottage industry, and across the nation, especially as budget cuts over the last decade have severed many programs designed to help the poor.

"I grew up in the Detroit area, lived in Boston for 10 years, and when I came back two years ago I noticed there were a lot of young professionals attending parties to benefit charities, but not many who were doing actual hands-on volunteer work," Kanter recalled.

"When I talked to people about this, many said they would like to work in a soup kitchen or help restore old homes, if only they knew whom to call or could go with a group of people. And that's when I got the idea for Volunteer Impact."

BOTH CASUAL and informal, Volunteer Impact allows for members, many of whom are young professionals, to tap into a wide range of charitable volunteer programs through a single channel whenever time and ambition present themselves.

Essentially members, who pay no fees, select where they want to donate their time, from the Gleaners Food

Bank to Meals on Wheels to Habitat for Humanity. A monthly calendar allows members to make a commitment once a week, month or year.

"There's no pressure involved to be at a certain spot at a certain time," Kanter explained. "Members can just look at the calendar, and when they have some time, they pick up the phone and make a reservation. It's that simple."

A 1979 graduate of Cranbrook School in Bloomfield Hills, Kanter began Volunteer Impact last June with eight members. Through networking with friends and business associates, and through the distribution of a newsletter, the group has since grown to more than 400 members.

Cheryl Sugerman, a Birmingham resident and campaign manager for a southeast Michigan state senatorial candidate, said she joined Volunteer Impact last Christmas for both convenience and comradery.

"I always wanted to do volunteer work, but I didn't know how to go about doing it," she said. "I also didn't want to volunteer alone. And most (members) I talked to since joining felt the same way. We just needed that something to get us out of the slump."

NOW ON TWO Saturdays a month, Sugerman, who also attended Cranbrook School, splits her volunteer time by serving a noon meal at the Coalition on Temporary Shelter (COTS) and helping to warehouse food at the Gleaners Food Bank, both of which are in Detroit.

Oscar Hopson, district manager of The Shirt Box in Southfield, said he joined the group as a way to give meaning to his life away from the retail world.

"I was raised by my parents to be charitable," said the Lathrup Village resident. "We've been blessed with so much in this world, and at some point you look around and say something's not right here. And if I can help other people and have fun with it, what's the harm in that?"

Hopson volunteers his time serving meals at the Baldwin Avenue Shelter in Pontiac. While directors of social services centers criticize the cuts in government general assistance programs over the last decade, they have welcomed federal, state and individual promotion of volunteer service in recent years.

"If social service organizations are going to survive after being dependent on government assistance for so long, everyone's going to have to fight," said Allice Halstrom, director of the Baldwin Avenue Shelter, which provides 450 meals a day, five days a week, to those in need. "Organizations such as Volunteer Impact, church groups and sororities make it much easier to take up that fight. They come here, sponsor a meal, and really get to know our clients. It's very gratifying to see that type of voluntarism. It's wonderful."

Bonnie Cohn, volunteer service coordinator for The Jewish Association for Residential Care in Southfield, which provides for adults with developmental disabilities, said a recent hayride sponsored by Volunteer Impact for residents would not have been possible without outside assistance.

"In the last few years, we've really seen young people reach out and make that extra effort to help others," she said. "And no one benefits more than our residents. They really get a big smile on their face when someone takes the time to care."

For information about joining or receiving assistance from Volunteer Impact, call 353-6830.

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