

# Business

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BB(F)

O&E Thursday, August 1, 1991

## Business woes go beyond 'poor economy' platitudes

By Gerald Frawley  
staff writer

Hadley Arden, one of southeastern Michigan women's apparel mainstays, is planning on closing its doors at the end of this summer.

Livonia-based Hadley Arden is not alone.

The recession has spelled trouble — if not bankruptcy — for a number of commercial ventures including, but not limited to, Bonwit Teller, Uptown Charly's, Highland Appliance, Willow Tree, Chelsea Stores, Crowley Milner & Co., Debra Furniture and Corey Dineite Furniture.

Even developer Western Development of Washington, D.C., the builder of the proposed Auburn Mills mall, is in bankruptcy court considering a real estate loan workout.

All this despite a growing number of economists jumping on the recession-is-over — or will be shortly — bandwagon.

HENRY MOSES, vice president of Barry M. Klein Real Estate, a national retail brokerage firm, said he isn't certain what the economists are using for guidelines in their predictions, but they don't apply to the independent and semi-independent retailers.

"There's still a contraction in the retail market," he said.

Moses said he expects there will be more small, independent and semi-independent retailers declaring bankruptcy or going out of business because they fail to see enough light at the end of the tunnel to justify operating through the coming months.

"If (the economy) is turning around, it's a long, slow turnaround," he said.

Moses stressed that small and large retailers are operating at two levels. Large retailers may be seeing an increase in apparel, shoes and furniture, but the smaller companies are hurting.

"Independents don't have the luxury of sitting out the hard times," he said. If a major retailer sees sales slip in one area, it can usually hold out until things get better, he said. This is not true for the smaller retailers.

All industries need to be able to

borrow money to get through the slow times," he said. Large companies can borrow from themselves; small companies go to banks.

When the economy dips, banks are more discriminating in their loan practices which means retailers have to cut costs and inventory. This, in turn, makes it more difficult for retailers to draw customers.

WITHOUT CUSTOMERS, the businesses must cut back still further, but there's a limit to how far a retailer can cut. "At some point, it becomes throwing good money after bad — many retailers will cut their losses and wait until times get better."

"I don't think anyone can feel safe right now," Moses said.

Tony Camilletti, director of visual marketing at the retail design and consulting firm of Jon Greenberg & Associates Inc. in Southfield, said these are certainly not boom times for retailers, but the economy is not nearly bad enough to drive retailers from business.

Camilletti said he doubts the recent surge in retail hardships predicts bad tidings for the industry as a whole.

"But I don't think they're isolated incidents. These are cases where consumer-oriented companies didn't address the consumer market and competitive changes," he said.

The economy may have been a factor, but it hasn't been an insurmountable obstacle — as evidenced by the success of many retailers.

Problems ailing retailers run the gamut from falling short on the service aspect, an inability to meet customers' product demands, a problem in reaching the correct market, or perhaps just a poor image.

"Some companies may have just expanded too much and not anticipated the slowdown," he said.

ANOTHER POSSIBILITY is ailing companies didn't anticipate or take seriously the challenge of increased competition in a tighter market. "We're seeing the beginning of a change in how retailers do business," Camilletti said. "Some companies haven't been able to respond."

Retailers that fail to accommodate for major retailers entering the

market are courting disaster, he said.

Jay Wedevan, principal with the Southfield retail consultant firm Strategic Edge Inc., said from a construction point of view, there are two reasons behind the recent problems.

"In many instances, some areas are just overbuilt."

Simply, if there are too many retailers and not enough customers, some businesses are not going to survive, he said. "The overbuilding has put a squeeze on retailers who expanded too quickly."

Paradoxically, this overdevelopment has caused problems for retailers who need to expand or move to stay in business.

"Retailers have to go to certain locations but they can't get there because the developers can't get there."

Retail developers can't get loans from financial institutions because overbuilding has made them nervous, and even those financial institutions that are open to making loans are asking for substantial equity from the developer.

CHRISTINE LENZ, retail manager in the Detroit office of the public accounting firm Arthur Andersen, said for the most part she is optimistic about the remainder of the year and doesn't anticipate continued problems for retailers.

Most economists are predicting better times ahead, and if that isn't encouraging, the usual retail cycle ought to whip the industry out of its doldrums.

As back-to-school time approaches, retail sales generally pick up, Lenz said. "After that, the holiday shopping begins."

Lenz said it would be too simple to blame the recent retail woes on the economy. "It's more likely that it was a combination of things."

Consumers are bored with existing products and want something new; people are shopping price; the troubles of larger retailers have weighed on consumer confidence; financiers have been reluctant to make loans to retailers and manufacturers; and suppliers — in light of everything else that's been going on — are unwilling to work with the retailers.



Hadley Arden will close its doors shortly as evidenced by their liquidation sale.

## Couple again gets together for sake of kitchen designs

By David F. Stein  
special writer

They met in college, fell in love, married and had two children.

More than 20 years later, they met at their son's basketball game and got engaged in business.

Can a couple divorced for 10 years find success and happiness wed in business?

Janice Steinhardt and Gary Fried are making a good start at it with the Madison Design Group of Troy, designing and installing upscale kitchens and other customized living spaces.

In this partnership, Fried, 44, handles the design while Steinhardt, 43, deals with marketing and the bottom line.

"We both have to want something out of this, and we do," Steinhardt said.

Located in the Michigan Design Center in Troy, Madison sells directly to homeowners.

Custom kitchens with the latest in appliances and cabinets run from \$15,000 to \$50,000. The average Madison job runs \$25,000.

IN A little more than a year, Madison has designed and installed more than 50 kitchens. Fried and Steinhardt credit their early success to business contacts and experience, including Fried's as a cabinet manufacturer and sales rep and Steinhardt's in renovating and reselling homes in the Birmingham area. Fried learned cabinet making after college at his dad's firm, Midwest Cabinet of Walled Lake.

After they get their feet in the kitchen door, Steinhardt said they are often asked to do built-in custom closets, media centers and utility rooms. They plan to expand their business to include commercial office design.

Madison prides itself in using the

latest of materials. They feature European products, which they believe lead the way in ideas and materials.

"It's like foreign cars; every time the Americans duplicate them, the competition is on to something else," Fried said. "American manufacturers had really grown quite lazy; they continued to make the same products, which were of decreasing quality and no style."

But Madison has found one American gem in Heritage, a Mononite company in New Holland, Pa. It combines old-world craftsmanship with the newest materials such as polyester cabinets.

FRIED and STEINHARDT met while undergrads at the University of Michigan. Fried majored in business; Steinhardt earned a degree in speech pathology.

Married in 1969, they have two children: daughter Karle, 18, and son Ryan, 15.

After working with his father, Fried tried manufacturing European-style kitchen cabinets at this own firm, Kinetics, but became discouraged by the cost and attitude of local labor.

His next venture, Light Year Corp., sold cabinets retail and to builders and architects, which led to work in nightclubs.

Asked to do the design and construction management for Cheeks on Eight Mile in Detroit, Fried became its owner in 1982.

A string of club ownerships continued to the late 1980s, including Prima Donna in Detroit, and Menage and ISIS, both in Pontiac.

"It's very exciting, but high-visibility clubs only last a few years at best, and then you have to move on," Fried said.

The couple separated in 1979 and divorced the next year.

STEINHARDT THEN earned a master's degree at Oakland Univer-



Gary Fried and Janice Steinhardt, former marriage partners, are now business partners as owners of the Madison Design Group of Troy.

sity and taught special education for eight years in Pontiac.

At the same time, she was building business skills by running an art poster firm with Linda Hayman, who now owns a gallery in Farmington Hills, and renovating houses with friend Wanda Maturo.

A chance discussion at son Ryan's basketball game a couple of years

ago led to the Madison Design Group, named after the Pontiac junior high where Steinhardt worked.

Steinhardt's present husband, a Southfield attorney, became an investor and is a strong supporter of their working relationship.

Fried and Steinhardt don't minimize the challenges but are determined to succeed.

"There was a long period where we didn't talk so much, and I guess you have to go through all that," Steinhardt said.

The "re-marriage" includes their children, who plan on working part-time with their parents.

"ONE OF the reasons I did it was for my kids. I thought it would be

good for them," Steinhardt said.

For Fried, it was the opportunity for something less risky than nightclub ownership.

I had always wanted to own a showroom in the design center," Fried said. "When you are in your 20s and 30s, it's very exciting to be a part of the club scene; in my 40s, I want something a lot more stable."