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Computer bugs, problems keep experts hopping

By R.J. King
special writer

The rise of chief information officers, the executives assigned to manage corporate computer systems, into the upper ranks of their companies over the last decade has not come without a price.

When something goes wrong, the CIO often gets the blame and the dismissal notice. The same pressure to succeed is also felt by consulting and accounting firms that offer their clients computer services, as both stand to lose sizable contracts if the hardware or software programs they recommend crash, or fail.

According to a study by Deloitte & Touche, one of the Big Six accounting firms with offices in Detroit, more than a third of 600 chief information officers said in a recent survey that their predecessors had been dismissed or demoted. To offset the potential for turnover, CIOs, computer managers and accounting firms, originally trained to provide technical assistance, must think more like everyday people to survive.

"Technology is changing so fast in the computer industry that once a client gets comfortable with one system, a new one comes out that's faster or offers more competitive advantages," said John Silvan, a principal with Follmer, Rudzewicz & Co., an accounting firm in Southfield.

"But if we introduce change so fast that a client can't understand it, the CEO might hear complaints. At the same time, if we don't move fast enough, and the client learns a computer down the street has just installed a new whiz-bang system,

there's going to be some tough questions asked."

TO BE SURE. When a Follmer client, an area medical clinic that requested anonymity, was recently struck by a computer virus in which several programs were so overloaded with data that they failed to operate, it was suspected that Follmer was the culprit.

"At first, we didn't know what was going on, but every time we executed a program, we lost more memory so that eventually we couldn't run payroll, inventory and accounts receivable," said a medical clinic official.

"Our patient files were not harmed, but nearly everything else stopped working. When we found out it was a virus, we called Follmer and they helped re-install our programs. I must admit I thought they had caused it, and I was glad to see they didn't."

While the origin of the virus is still a mystery, the clinic official said the two most likely candidates were an infected disk purchased at a local computer store or a game disk brought in by a clinic employee.

"The virus proved to be a \$7,000 nuisance, and that's not counting the amount of time salaried personnel spent fixing the problem," said the official, a Birmingham resident.

"We were down a good eight to 10 days. It just goes to show you how confusing the (computer) industry can be."

FROM ITS BEGINNINGS, the computer industry has been one in which technological advances — more technology, increased speed,

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Bruce Burns (left) of the Lighthouse Group guided Mark Sulowski and Gatco Inc. back on the computer track.

GUY WARREN/staff photographer

Mopping up mess takes time

By R.J. King
special writer

When Bruce Burns launched his computer support company last year in Plymouth, one of his first tasks was to pick up the pieces for a client taken to the kilobyte cleaners.

"Basically, they were given an avo-l to kill an ant," Burns said of Gatco Inc., a builder of machine tool components in Plymouth, which in early 1990 spent thousands of dollars on a new computer system only to have it sit and collect dust.

"We were sold a bill of goods," agreed Mark Sulowski, president of

Gatco, a third-generation supplier to the auto industry. "We spent a lot of money on a new computer system but were given no support. It was a nightmare we're just now recovering from."

While neither Burns nor Sulowski would reveal the name of the computer company that installed the original system, due to a pending lawsuit, both shared their experiences in dealing with the often-complex task of ordering and implementing a new computer system.

"If you're working with a computer specialist for the first time, you better get some testimonials," said

Sulowski. "We received the computers but no support. The company we used was only interested in selling the equipment and moving on to the next guy."

WHILE SULOWSKI declined to discuss specifics, Burns said he was called in last January and found Gatco had received software that was of little use in running such tasks as accounting, invoices and design order processing.

"They wanted to automate, but there was no software that would process their results," said Burns, president of the Lighthouse Group.

"So I custom wrote the software, walked them through it and brought them to where they should have been in the first place."

Burns said it took eight months, from the creation of the software to entering the necessary data, to get Gatco, which employs 25 people, on line and crunching numbers.

"A year ago I wouldn't touch the computers because I had no idea of what I was doing," said Sulowski. "But Bruce got me over that fear, and now I'm on the computer sometimes for four hours a day. It took a long time, but I finally got over my fears."

Survey places foreign firms under scrutiny

By Doug Funke
staff writer

When it comes to establishing U.S. headquarters in Michigan, foreign-owned companies select the Grand Rapids area almost as frequently as they choose Wayne County.

And tax abatements are way down on a list of factors that determines where companies decide to locate.

Those were two surprising revelations from companies responding to a survey taken in the spring and summer by the accounting/consulting firm of KPMG Peat Marwick.

Patrick N. Karpen, a tax partner, coordinated the project.

"Since we're in a global economy, there's going to be more cross-border investors," he said. "We're going to have to take into account the goals and feelings of companies thinking about investing in the community."

KPMG Peat Marwick identified 355 foreign-owned companies with U.S. headquarters or divisional offices with autonomous decision-making power in Michigan. The report was based on in-depth interviews with 144 of those companies.

The highlights of the report:

- Fifty-eight companies were Japanese, 27 German and 14 British.

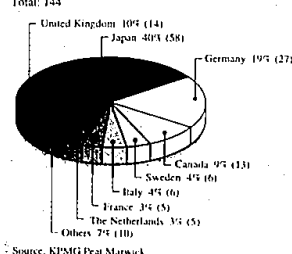
- Sixty-one set up headquarters in Oakland County, 16 in Wayne County and 16 in Kent County.

- Forty-five companies were established in Michigan prior to 1981. Half, 72, arrived during the six-year period 1984-89. Just four companies were established last year and two during the first part of this year.

- Thirty-four of 119 respondents said they received

U.S. Headquarters in Michigan by Country

Total: 144



Source: KPMG Peat Marwick

no location assistance, while another 42 couldn't recall or had no response to that question.

• Proximity to key industries, markets or suppliers was the primary reason for a wide margin for choosing a specific location. Opportunities for acquisitions and joint ventures was second. Lower taxes were mentioned less often than quality and cost of labor.

"BRINGING a headquarters into a locality doesn't always result in a lot of economic development, but typically . . . it will result in a significant economic impact," Karpen said. "It means jobs and a bigger tax base."

Some 15,500 Michigan residents have jobs provided by foreign-owned companies, the survey indicated.

While the KPMG Peat Marwick survey didn't address the pay issue, a report published by the U.S. Department of Commerce in August indicated that compensation per worker for foreign-owned firms in 1988 was \$30,500 compared to \$25,500 for all U.S. workers, Karpen pointed out.

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What's happening here?

By Doug Funke
staff writer

Local chambers of commerce and economic development officials generally say that they don't have the resources to make special efforts to lure foreign-owned firms here.

Scott Veldhuis, director for economic development in Westland, concentrates his efforts on keeping companies already here happy and attracting others closer to home.

"We make retention calls, work with firms' problems, expansion plans," he added. "It's pretty competitive. They (all companies) are looking at markets, their suppliers. I'd say it's a pretty dynamic market out there."

"The city has not been on trade missions," Veldhuis added. "Typically, there's umbrella organizations. You'd work with utility companies and the Greater Detroit Chamber of Commerce and you go with the goal of promoting the entire community."

Several foreign-owned firms, not necessarily headquarters, have located in technology and industrial parks in Plymouth developed by the R.A. DeMattia Co.

They include Freudenberg-NOK, Aisin U.S.A. and Sanden International.

"We market in Japan and Korea," said Gary Roberts, a DeMattia vice president. "By the way, this story comes out, Bob DeMattia will be on a trade mission (with the Greater Detroit Chamber) to bring firms to southeastern Michigan."

"We have some of our literature printed in Japanese," Roberts added. "In general, I think they buy on quality."

NEARNESS TO a major airport and the availability of property tax breaks, along with quality buildings and housing, bring foreign companies to Plymouth, Roberts said.

Jody Sorenson, executive director of the Farmington/Farmington Hills Chamber of Commerce, estimated that about 20 foreign firms, not necessarily headquarters, belong to that chamber.

"Farmington Hills has been in the fairly enviable position of being a growing community. Most firms here came of their own volition. They didn't need to be recruited."

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