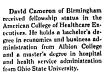
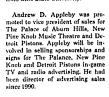
SUBURBAN BUSINESS

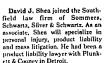
Hills was named senior account manager on the General Motors account for Solvay Automative Inc. in Troy. She had worked in several product and account management positions at General Electric and Eaton Corp.



Keith Ulrich of Birmingham was promoted to vice president/account supervisor on the Cadillac national advertising, Cadillac merchandla-ing, and the General Motors Protec-tion Plan accounts at D'arcy Ma-sious Benton & Bowles/Bloomfield Hills. He joined the advertising agency in 1982 as a traffic coordina-tor.









To submit materials to this column, please send a brief biographical summary along with a black-and-white phato, if possible, to: Business Editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia

It's a winding path to financial backing

Securing capital is essential for entrepreneurs struggling to get a product to market. For Troy-based Somanetics, manu-Troy-based Somaneures, manu-facturer of computer-based medical diagnostic and moni-toring equipment, the question was how to gain more visi-bility for shareholders and ould-be investors.

By Doug FUNKE

An idea, a plan, the money.
Financial backing is the big stumbling block when it comes to birthing

new businesses.
Unless they're exceptionally rich, en-

new businesses.

Unless they're exceptionally rich, entreprenum can go only so far on their own resources and by tapping family, friends and other kindred spirits.

Then they have to hook up with a bank (highly unlikely without a treck record), make connections with a venture capital group (still difficult with strings attached) or sell shares of stock to the public.

Somanetics, started by Gary D. Lewis in 1982 and subsequently located in Troy, went public in April 1991. Last week, the company moved from the NASDAQ small cap issues to the regular NASDAQ mational exchange, gaining more visibility for shareholders and would-be investors.

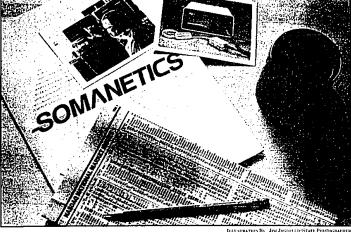
Somanetics makes and sells computer-based medical diagnostic and monitoring equipment. It recently received clearance from the Federal Drug Administration to market its product. It has yet to post a profitable year.

"Management teams usually are so strained for cash that they will take money under any terms." said Raymond Gunn, chief financial officer.

"Gary asid no to a lot of people. Strings were prohibitive."

were prohibitive."

Lewis said he raised upwards of \$250,000 from his own resources, family and friends during initial research, Money from other high-profile individuals, whom he declined to identify, pro-



duced another \$4.4 million as the con-

duced another \$4.4 million as the concept evolved.

Then it came down to taking the prototype to the production phase and more money was needed.

Enter a Boston venture capital group that provided some \$500,000 and a New York underwriter that provided a bridge (temporary) loan of \$1.45 million.

But a year later, Lewis, looking for the best financing plan to move forward, exercised an escape clause, paid off the underwriter and venture group, and issued stock and warants — options to buy stock.

Sommentics went public.

"The primary reason was not so much the control issue, but with ventures."

ture capital we weren't going to really raise enough to get the job done," Lewis said.
"Venture people want to know up front what their esti vehicle is. They want to take their money out at very nice returns, which is fine. We were concerned it would force us to create an exit vehicle sooner than we wanted," he

The initial public offering netted The Initial public offering netted some \$0.5 million. Warrants called for redemption in May brought in an additional \$11.8 million. Redemption of of additional wereants in February can potentially raise another \$15.5 million. Somanetic has \$4,000 stockholders. Lewis is the single largest stockholder

"We wanted to build a business," Gunn said, "We look for more long-term players."

But there are both advantages and disadvantages to going public.

"It improves the overall financial po-sition, delit-to-equity ratio," Gunn said.
"It cleans up the balance sheet and en-bances the ability to raise capital. Pres-ence in the marketplace gives credibili-ty... and helps you attract quality people (employees)."
The down side?

Sec MONEY. PREVIOUS PAGE

Highland turns to Chapter 11 to retrench

STAFF WATER
It's still a war out there in the appliance retail industry, and Highland
Superstores is falling back to regroup.
With the intention of beefing up its
remaining stores in Michigan, Ohio and
Indiana, Highland Superstores is concentrating its resources by closing its 19
stores in the Chicago-area market.

Company officials hope the move will allow the firm to bounce back to profitability after several years of financial turmoil that has seen Highland Superstores weather store closings in Texas, Minneapolis, Minn., and New York.

The Plymouth-based electronics and appliance retailer filed a petition to reorganize under federal bankruptry laws, Chapter 11, in United States

Bankruptcy Court for the Eastern District of Michigan Monday. The company is seeking protection from its creditors and permission to exit the Chicago market.

Danette Wineberg, vice president of Highland Superstores, said in concentrating its resources on its remaining stores, the retailer will continue to offer "outstanding buys, the most sought-af-

ter brands and the most professional customer service organization."

"We have traditionally been well-en-trenched in Michigan, Ohio and Indi-ana, while Chicago, as one of our newer markets, was still in the developmental stage," Wineberg said.

See HIGHLAND, PREVIOUS PAGE





You'll love how hard you'll work.

We won't kid you. Getting a college education isn't easy. At Wayne State

University, a college education goes far beyond the classroom and the textbook.

At Wayne State University, our students are actually changing the world. Our students are working in labs that are making cars safer. Our students are helping to develop new medical

treatments. Wayne State University students are devising plans to make life better. If you have what it takes, you can be one of our students. You can change the world.

A college education at Wayne State University isn't easy. You'll work hard. And in the end, you'll be glad you did.

Wayne State University is an Equal Opportunity/Affirmative Action Employer

TANK	, A. A.
Name	
Address	
Č City	State Zip
Currently A	attending
Area of Int	erost
***	Clip and mail coupon to: Wayne State University • Opportunity Line

577-1000

6001 Cass Avenue · Detroit MI 48202