SUBURBAN BUSINESS LEADERS

Patrick J. Ennis

The Bloomfield Hills law firm of Colombo & Colombo, P.C has announced that **Patrick J. Ennis** has joined the firm as an associate attorney.

At Colombo & Colombo, Ennis' practice will focus on general litigation - environmental and general corporate.

Charles R. Miller

Farmington Hills resident **Charles R. Miller, C.P.A.** has been appointed to a partner/shareholder of the firm Boyce, Wright, Pittman & Co., P.C., in Farmington Hills.

Prior to this promotion, his most recent position was Audit Manager for the firm. Miller supervised staff personnel in BWP&CO's accounting and auditing sections and monitored the firm's stringent quality control system.

Patrick D. Stemplen

Source One Mortgage Services Corporation has named **Patrick D. Stemplen** as Vice President and Director of its Training & Development Department.

He is responsible for the development and implementation of training and information programs designed for Source One employees and clients.

June A. West

June A. West of Rochester Hills has been named Director of Marketing for the Suburban Mobility Authority for Regional Transportation. In this position, West will oversee planning and implementation of all marketing, communication and community relations programs for SMART. She will lead an effort to develop broader awareness of SMART bus service in southeastern Michigan and to increase ridership on the system by implementing and promoting a variety of new customer-friendly initiatives.

Kimberly Nancarrow

Kimberly Nancarrow has been appointed a financial specialist at The Prudential Real Estate Financial Services in Bloomfield Hills. She will oversee the origination and brokerage of custom-designed mortgages.

Prior to this appointment, Nancarrow, of Birmingham, was a mortgage originator and processor for Tranex Financial in Southfield.

To submit materials to this column, please send a brief biographical summary along with a black-and-white photo, if possible, to: Business Editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia 48150. There is no charge.

Family fur business hits century mark

■ Four generations of the Dittrich family have seen changes in the fur business, but none as profound as those sweeping what is now a world industry.

BY GERALD FRAWLEY
STAFF WRITER

When Dittrich Furs opened its doors 100 years ago, it was a far different world than it is today.

Now in its fourth generation of family leadership, Dittrich Furs is one of the oldest family-owned retail business in Detroit.

Harold G. "Hal" Dittrich, chief executive officer and president, said emphasis on family is what has helped keep Dittrich Furs strong, not just because it has meant a consistency of ownership, but because there is a certain amount of pride associated with the company and its history.

"I can remember working here as a young man and my grandfather taking me aside on the first day, bringing me to the sales floor, pointing at the door and saying, 'You see that door? When someone comes in that door, you treat them like they're coming into your own living room.'

"Everybody who works here is told the same thing," Dittrich said.

Founded in 1893, by Emil C. Dittrich in a small, second-story shop near where the Fox Theater is now located, Dittrich Furs started out as a fur wholesaler, purchasing pelts from trappers and collectors.

"Probably 90 percent of the business was in wholesale," Dittrich said.

After World War I, Dittrich Furs moved from its original location to the Fisher Arcade where Emil Dittrich and his sons, Francis, Alfred and Harold E. Dittrich, operated the business until it moved to another location on Grand River in 1928.

Harold E., who remained active in the business until his death in 1977, brought sons Robert, Donald, and Harold M. Dittrich into the business.

Dittrich Furs remained at its Grand River location until 1965, when freeway construction mandated another move, this time to its current location on Third Avenue just west of the Fisher Building.

Today, Harold M. and his son Harold G. (Hal) Dittrich operate the business. Under their guidance, Dittrich Furs opened its branch store in Bloomfield Hills in 1977.

Hal became chief executive officer 10 years ago. Harold M., chairman of Dittrich furs, remains active in the company to this day.

Although he worked in the store as a youth doing odd jobs, Dittrich attended the University of Michigan and received a bachelor's degree in chemical engineering and mathematics in 1965. In 1966, he earned a master's degree in business administration from Michigan State University.

After graduation, he took a job at the pharmaceutical firm Eli Lilly & Co.

STEPHEN CANTRELL/STAFF PHOTOGRAPHER

Fashionable fur: *President Hal Dittrich proudly shows off a fur coat from a collection of classic furs his family has collected over Dittrich Furs' 100 year history.*

Accepts family offer

Two years later, his father and grandfather approached him about joining Dittrich Furs full time. He agreed.

Even with his credentials and family ties, Dittrich said it was necessary for him to learn the business from the ground up and be involved in every capacity of the business, from merchandising to advertising to management.

SEE DITTRICH, PREVIOUS PAGE

Furrier proposes all kinds of reasons to buy

Why buy a fur?

Hal Dittrich, chief executive officer and president of Dittrich furs in Detroit and Bloomfield Hills, offers a number of reasons.

■ It's warmer. "Nothing compares to the warmth of a fur," Dittrich said. "Once people try on a fur, they never want anything else."

In retrospect, the interest in fake furs spurred by controversy created by animal rights groups over animal treatment by fur ranchers a decade ago was the best thing that could have happened to the industry, he said.

Fake furs reinforced the furriers argument that real furs were superior, Dittrich said. "People would try out the fake furs and decide it just wasn't the same."

The controversy has had little impact on his overall business, Dittrich said. "I wouldn't say our sales went down during that period — of course, you never know if you've lost someone who might have been considering buying a fur because you don't hear from them."

■ It's less expensive today, but prices are going up. Dittrich said after years of overproduction that saw fine fur pelts falling dramatically and fur ranchers failing as prices dropped, fur ranchers have finally begun to readjust and scale down production of pelts.

"Prices rose a little last year, and they're as much as 20 percent higher in auction this year."

Dittrich speculated that those cost increase will be passed on to buyers as those pelts are manufactured into furs.

■ There's just something about a fur. "There's a real pleasure is selling someone a fur coat," he said. "When people put on a fur coat, their whole attitude changes. There faces light up, they stand up straighter, they feel good about themselves."

■ With the advent of "fun furs" 10 years ago — furs that were more casual — furs are not just for special occasions. "People used to buy furs to be worn six to eight times a year. Now people want furs they can wear to bum around in."

■ Furs are more fashionable. Twenty years ago, furs were status symbols, but styles were limited. Today, almost all the major designers work with furs, and while the more bizarre styles and colors don't make it to the showroom floors, their influence is seen very quickly.

Balance in asset allocation determines risk range

BY DANIEL BOYCE
and ALAN FERRARA
SPECIAL WRITERS

"Small profits and often are better than large profits and seldom."

By choosing the right investment mix through asset allocation, investors can improve their returns while reducing portfolio volatility. Last week we discussed the importance of spreading your investments among different categories of assets.

Interest-bearing investment (debt-based assets) include the subcategories of cash equivalents, guaranteed contracts and bonds. They tend to be relatively stable but provide low or modest rates of return. The ownership investments (equity assets) include the subcategories of stocks, real estate, tangibles and other. These assets tend to earn higher rates of return but will have less predictability. (See table)

The balance between the various subcategories described above becomes a critical decision in asset allocation. This category decision results in about 87 percent of the return experienced in any investment; 10 percent of the return will be due to how well the particular company is managed; the remaining 3 percent is a factor of luck. For example, one may choose an excellent portfolio of stocks, but if the stock market declines, it is very likely that the portfolio will also decline. For most investors, a majority of their investments should be in the three categories of stocks, bonds and guaranteed contracts.

Most investors understand that to obtain higher average rates of return, it is necessary to accept higher risk. Choosing the appropriate mixture or balance of assets can actually result in both an increased rate of return and in decreased volatility. Both goals may be pursued simultaneously. An example will be helpful in illustrating this concept.

Over the past 40 years, bonds have provided a 6-percent rate of return with an average volatility (one standard deviation) of 10 percent.) As expected, stocks have a higher average rate of return, 12 percent, but with less predictability (they carry a standard deviation of 17 percent, which is 70 percent more volatile than bonds.)

Most people would expect that if some stocks are added to a 100 percent bond portfolio, the risk level (volatility) of the total portfolio increases. After all, stocks are more volatile than bonds. But if 20 percent of the portfolio is placed in stocks, and 80 percent in bonds, the expected rate of return increases, while the portfolio volatility decreases.

Why does this happen? The explanation is that stocks and bonds don't always move up and down at the same time. Because a fall in the stock market is sometimes offset by a rise in the bond market, and vice versa, the combination of assets gives a smoother ride than either asset individually.

In fact, it can be seen that a portfolio of 40 percent stocks and 60 percent bonds carries almost the same volatility as a straight bond portfolio but with 50 percent higher return (9 percent rather 6 percent). This is a close as we can get to a free lunch in the investment markets.

One might argue that long-term investors should place 100 percent of their portfolio into stocks. But even a pure growth investor should incorporate some bonds in the portfolio. Shifting just 20 percent of a stock portfolio into bonds reduces volatility by 15 percent while only nominally decreasing the expected rate of return. This is a tradeoff well worth making.

Within each category, additional diversification can help reduce risks. For example, bonds can be structured to provide for varied maturity dates (a strategy called laddering). Adding foreign stocks to a portfolio creates both a higher return and lower volatility.

The percentage of assets in each of these subcategories may vary over time. These changes in the weighting of a portfolio may occur as a result of changes in the economy. For example, in times of increasing inflation and interest rates, long-term bonds tend to perform relatively poorly.

Placing a greater emphasis on cash equivalents and guaranteed contracts may be a good move under that economic scenario. Or if the stock market appears to be overpriced and the economy poised for a slowdown, one might choose to underweight the stocks in a portfolio. But neither category should ever be completely eliminated from a portfolio.

The proper allocation model (or investment policy statement) will establish a maximum and minimum range for each of these subcategories. Except under extraordinary circumstances, the portfolio should be maintained within this range. An objective investment adviser can be most helpful in creating an appropriate asset allocation model. The model should take into account liquidity needs, investor temperament and time constraints.

When new investments are contemplated, the asset allocation model can be used to help choose the appropriate category to seek. The current portfolio allocation is compared to the model. If one category has less than the model suggests, alternatives are sought that will move toward the desired balance.

One last word: the model should be applied flexibly. Although the targeted range should generally be maintained, the model should not override a dramatic change in one's personal situation or taking advantage of an unusually attractive opportunity. Common sense must be used.

We began this series on asset allocation with the statement that most people make investments for the wrong reasons. They are not aware of the impact of any new investment makes on their existing portfolio. The right reason to make an investment is to improve your overall portfolio. That is, the investment should increase the diversification, provide a more appropriate balance and allow you to maintain any necessary portfolio liquidity.

The objective of all portfolios is to increase returns without taking undue or unnecessary risks. By defining an appropriate investment strategy, asset allocation allows for maximizing returns at minimum possible risk.

FAMILY FINANCES

Growth Portfolio (Age 40)		Income Portfolio (Age 65)
30%	DEBT-BASED ASSETS	70%
5%	Cash and equivalents	10%
10%	Guaranteed contracts	20%
15%	Bonds	40%
70%	EQUITY ASSETS	30%
45%	Stocks and mutual funds	25%
15%	Real estate	5%
10%	Tangibles/other	opt

TAMMIE GRAHAM/STAFF ARTIST

To receive a free financial planning brochure or to obtain a questionnaire to participate in this column, contact the Center of Financial Planning, Dept. 100, 26211 Central Park Blvd., Suite 604, Southfield 48076 or call 948-7900. Names of participants are withheld upon request, and submitted financial data is confidential.

Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Couzens, Lansky, Fealk, Ellis, Roeder & Lazar. Both have served in leadership roles in financial planning professional organizations.