Japanese take on European luxury models

auto talk

Dan McCosh

"I want to see the one everybody's talking about — you know, the one from the TV show," said the woman I live with, tugging me away from the finale of the Chevrolet Heartthrobs.

I was just begining to get the hang of opening night of the first North American International Auto Show, having figured out that if I kind of pulled my chin down, my undershirt wouldn't show over the top of the black tie I tied myself.

"TV show?" I said, my mind still on the Heartthrobs.

"You know — named after someone on Dynasty."

"A Dodge?"

"No — Alexis, Joan Collins, you know."

"That's a Lexus."

"That's what I said."

Whatever.

I'M STARTLED to see a people mover car rumble through the roof of the renovated Cobo Hall, and I get the first stirrings of civic pride. It's clear we have the makings of a new international forum here at the first North American Auto Show.

Moving the NAIAS up on the calender to within hangover range of New Year's Eve makes it the first auto show of the season, and news coverage is heavy. More than a thousand reporters register for the first three days of show previews, another promotional first for Detroit, which usually settles for a hayseed role on the national show circuit.

But are attendance records enough?

Can Detroit take its rightful place among the great world forums of the auto industry?

In search of an answer, we pushed over to the booth where Toyota's latest luxury offering was on display.

AS IT TURNS OUT, Lexus is something of a visual letdown, given its rumored pricetag approaching $40,000. Leather seating, advanced electronics and a Mercedes-like grille give it some styling cues that move it comfortably upscale from the struggling masses. But overall it wouldn't stand out on the street much after being camouflaged in road salt.

Mechanically, it's something else. It shares the distinction with Nissan's Infiniti of having the first Japanese V-8, about the size of a mid-1950s Chevrolet, but producing twice the power.

Still, neither the Lexus nor the Infiniti, shown to the public for the first time at the NAIAS, seemed all that intimidating.

ON THE other hand, the first time I stabbed for a shrimp at the Lexus launch party, I nearly stuck the toothpick in the hand of a guy from Jaguar's U.S. sales operation. Then there was BMW, Volvo, Saab and Mercedes, also heavily represented.

The Europeans were trying to maintain a doorman's aloofness while nitpicking the new kids on the luxury-car block. I got a better outline of Toyota's marketing plans from a guy from BMW than I could get from Toyota.

The Europeans were clearly nervous. Sales of high-priced European luxury cars have dropped 15 percent or more this past year despite an overall strong auto market in the United States. Whether this is a short-lived stumble or the end of a decade-long trend of where yuppies spend their money remains to be seen.

BUT HERE come the Japanese, to Detroit, of all places, and launching new car lines in the $20,000-$40,000 range. Then Toyota, at least, starts claiming it will outsell BMW in the first year Lexus goes on sale. A guy from Saab says they are idiots, and so on. The stuff of international car debates, right here in Detroit. It makes a strong showing on the national news.

Then comes reality. Outside it's freezing, and our bus breaks down on the way back to the party. Anyone in his right mind would be in Los Angeles. But the show makes a strong showing on national news. Maybe we've got something going here.

Next year I'll figure out the tie.

To get capital, avoid these mistakes in business plan

focus: small business

Mary DiPaolo

In their book, "Business Plans that Win $$$," Stanley Rich and David Gumpert claim that the business plan "is the ticket of admission to the investment process."

Without providing a plan, furnished in advance, many investor groups won't even grant an interview. And for those that do, only a small percentage receive the requested funds.

Richard Charple, managing general partner of Paine Webber Ventures, said his company invests in no more than six plans per year. "We read 500 to 750 . . . and those that we read are only a fraction of those that are submitted."

If obtaining investment funds seems difficult, it is. After all, professional investors and lending institutions are inundated with proposals. They also realize that there are many more losers than winners among firms that can return 50 percent or more annually on their original investment. Now, as in the beginning of time, the goal is to maximize opportunity while minimizing the risk.

Rich and Gumpert stress that every *company needs a written business* plan to not only "win" backing, but to guide the operation and ensure its viability and growth.

"The business that runs by the seat of its pants often winds up with torn pants."

Before the development of any plan, it is crucial that business owners are aware of the danger signs that most stand out to potential lenders.

"Business plans which devote more space to describing the product than to detailing who will buy the product and how it will be sold make investors nervous that the company is really a playpen for the founders to fiddle with their latest gadgets."

Another turnoff is the business plan that presents sales projections that deviate excessively from industry norms. Investors worry because it suggests "either that entrepreneurs haven't done their homework or they're being unduly optimistic."

Unrealistically high growth projections represent another red flag. "When a person presents a plan and tells me with a straight face that he expects to generate $200 million in sales over the next two years, I laugh him right out of my office," says one local investment banker.

And last, when a company's basic product or service needs to be altered or specially designed for each customer, investors see high costs and low profits. Although many companies focused on custom or applications engineering achieve great success, they should expect and usually experience resistance among lenders.

Next week, we will discuss the elements that comprise winning business plans for the new or existing enterprise.

Mary DiPaolo is the owner of MarkeTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Chamber Perspectives."

marketplace

Oberlin & Co. Advertising and Public Relations Inc. was appointed the public relations agency for Hungry Howie's Pizza and Subs Inc. in Livonia.

Ross Roy Productions was awarded a Gold Medal at the 1988 New York International Film and Television Festival for producing the 1989 Chrysler Motors new products announcement show. It is the fifth year in a row they have won this award.

Credential Check and Personnel Services Inc. moved its offices to the Northwestern Financial Center. The new address is 30833 Northwestern Highway Suite 118, Farmington Hills, Mich. 48018.

Wade-Trim/Dzlorman of Rochester has established an office in Gaylord.

Bonk & Bozin CPA's of Troy and Marvin J. Kolon of Southfield announces the merger of their practices under the name of Bonk & Bozin CPA's. The firm will operate at the office in Troy.

Bloom Healthcare Consulting has opened an office in West Bloomfield.