Bounty for leaking new car photos is just plain silly

auto talk
Dan McCosh

Auto spy photographer Jim Dunne recently bought one of those sets of glasses with a Groucho Marx nose and mustache, a move he says was forced by the bounty on his head offered by General Motors.

Dunne has made a career of taking pictures of new cars. The fact that Dunne takes his pictures before the auto companies want him to makes these "spy photos" contraband materiel that gets published in newspapers and magazines that find their readers fascinated by what's coming down the road, so to speak.

Dunne gets his photos by a variety of means, including photographing cars left in parking lots, driving around test tracks and en route to proving grounds. He sits in trees, hides behind bushes, sneaks into closed previews and even has been known to hide his camera under his trench coat.

Dunne has some great stories about his cat-and-mouse game with new cars, including one where a model posing next to a new car whipped off her skirt and attempted to cover the car when she saw him shooting. This story is suspect, since Dunne never could show anybody the pictures.

AUTO COMPANIES are supposed to be worried about this sort of thing, since presumably upcoming car models are secret from the competition until they go on sale.

One concern is that the other guys might run out and copy the car, as if most new cars didn't look alike already.

More pragmatic is the consideration that a potential customer shopping for this year's model will wait until next year's comes along after he sees the picture.

On the other hand, the spy photos also represent a lot of free publicity for a new car, raise the public interest and sometimes get the attention a public relations guy would bribe for.

As a result, American car companies are sometimes suspected of towing new cars back and forth in front of Dunne's home until he comes outside and takes a picture.

The Japanese take the whole thing a bit more seriously. Honda, for example, sets up open-ended sheds alongside its test track and keeps a helicopter watch overhead.

When a plane flies over, the cars duck into the shed. Anyone who thinks Dunne would rent a helicopter never tried to get him to pick up a lunch check.

DUNNE DID, however, recently sell to various magazines some studio photos of several GM models that were not intended for outside publication. That's when GM set the bounty.

Not exactly on Dunne's head, but they hauled out their internal version of the GM Official Secrets Act to find out who leaked the pictures, offering a $35,000 reward for the culprit.

The action landed a story in the New York Times, among others which writes about new cars about as often as it covers the New York State Fair.

The ethics of selling stolen photos aside, GM's action tends to remind you of the old 3-D movies that offered $10,000 to the families of any one who died of shock during the film. Six months from now, GM will be begging those same publications to run the same photos and begin pouring money into ad campaigns that do the same thing.

Maybe then Dunne can put away the glasses and the nose.

focus: small business
Mary DiPaolo

Smart businessman uses pay to motivate

Pay is a key management tool for any small business.

It functions as a motivator when it is based on merit performance. It is a demotivator when it is given for longevity or with self-serving attitudes of favoritism without consideration for individual, measurable performance.

Viewing pay as a resource is critical for small business owners and managers who have developed successful employee compensation systems. Rather than offering annual or semi-annual across-the-board increases based on some flat percentage or inflation factor, effective compensation systems are based on a more personalized method of reviewing employee performance.

Even more important, across-the-board increases negate the ability of a firm to pay its top producers well. This type of system also endorses and rewards unproductive attitudes and incompetence. As a result, better performers often move on to another opportunity where they will be rewarded in a more fair and equitable manner, based on performance.

Compensation practices that demotivate employees include giving equal raises or rewards to everyone, giving small or insignificant raises and paying too much to poorer performers and abrogating ability to pay top performers well. Along with this, putting limits or ceilings on performance pay, saying one thing and paying for another, or firing people rather than cutting their pay for unsatisfactory performance contributes to the problem.

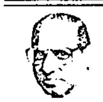
METHODS OF compensation that serve to motivate employees begin by following through on the philosophy of paying for performance and results. Business owners must pay special attention to the needs of those who perform; they must also demand specific performance requirements while remaining fair and empathetic. Incompetence should not be tolerated, especially in the case of long-term employees who may show the signs of career burnout.

Business owners should also keep their options open so employees can be rewarded when performance deserves financial recognition. Firms that lock themselves into high basic wages will never have available the funds to reward performance on a timely basis.

When announcing a new compensation system, it is critical to communicate that the goals of your business are performance- and profit-oriented, and that productivity will be rewarded. Although it is much easier to operate under a standard timetable of employee reviews and pay increases, this practice does nothing to recognize outstanding performance when appropriate.

Next week, we will explore career burnout by identifying its symptoms and successful treatment options.

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."



finances and you
Sid Mittra

IRAs are still alive and still worthwhile

First of 2 parts

People don't talk about IRAs anymore as if they are dead. But they are alive, well and a good idea.

The provisions regarding the deductibility of an IRA are summarized in the top table.

If neither spouse is covered by a qualified plan, a tax deduction of $2,000 per worker or $2,250 per one-income-couple is allowed, regardless of income.

Married couples covered by a corporate plan with an adjusted gross income of less than $40,000 keep the full deduction. The deduction vanishes altogether when adjusted gross income exceeds $50,000, but is prorated between $40,000 and $50,000.

The comparable limits for a single person are $25,000 and $35,000, respectively.

Limits for an unmarried person who files separately are not as straightforward. In general, no deduction is allowed if the adjusted gross income is more than $10,000. If the adjusted gross income is less than $10,000, a partial deduction is allowed, and the amount of deduction calculated by using a special formula.

For instance, suppose John Johnson is married, files a separate return, and is an active participant in an employer plan. John's adjusted gross income is $7,500. The maximum deductible IRA contribution is $500:

Step 1: $7,500 ($7,500 — $0)
Step 2: $2,500 ($10,000 — $7,500)
Step 3: $500 ($2,500 x .20)

THE MAGIC OF *compounding and the concept of time value of money make IRAs grow. Two thousand dollars invested at the beginning of every year at 10 percent for 30 years would total $361,887. If the investment earns a 12-percent return, in 30 years the IRA fund would grow to a half million dollars.*

Seminar: "Planning Strategies for the Young and Successful," "How to Tame the Volatile Market," "Annuities — the Only Tax Shelter Left?" "Retiring — Your Best Financial Choices."

The seminar, sponsored by the Observer & Eccentric Newspapers and Coordinated Financial Planning, will be 7-9 p.m. Wednesday, Jan. 10, in the offices of Coordinated Financial Planning, Sheffield Office Park, 3250 W. Big Beaver, Suite 540, Troy.

For reservations, call 643-8888.

Sid Mittra is a professor of finance, school of business at Oakland University and owner of Coordinated Financial Planning.

deductibility of IRA

	adjusted gross income	pension plan? yes	no
joint	$40,000 or less	$2,000	$2,000
	$40,000-50,000	$200-2,000	$2,000
	Above $50,000	None	$2,000
single	$25,000 or less	$2,000	$2,000
	$25,000-35,000	$200-2000	$2,000
	Above $35,000	None	$2,000
married filing jointly	$10,000 or less	partial	$2,000
	Over $10,000	deduction*	$2,000

*special deductibility rules apply.

long-term accumulation in IRA

investment return	years 5	10	15	20	25	30
7%	$12,307	$29,567	$53,776	$87,730	$135,353	$202,140
8%	12,672	31,291	58,649	98,846	157,909	244,692
9%	13,047	33,121	64,007	111,529	184,648	297,150
10%	13,431	35,062	69,899	126,005	216,364	361,887
11%	13,826	37,123	76,380	142,530	253,998	441,826
12%	14,230	39,309	83,507	161,397	298,668	540,585

Note: Annual contribution of $2,000 is made at the beginning of each year.