

BUSINESS

THURSDAY, MARCH 18, 1993

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SUBURBAN BUSINESS LEADERS

Pamela M. Malone has been named director of sales for the Holiday Inn in Farmington Hills. Previously director of sales at the Berkshire hotel in Southfield, Malone will be responsible for selling rooms in the hotel.



Pamela M. Malone

John Anderson has been appointed as president of Southfield-based Gorman's Business Interiors where he will be responsible for general management and strategic planning. Also at GBI, Kathleen Puce-Hobbs has been named executive vice president.



John Anderson

Katherine F. Beebe, PhD, of Birmingham, has been named president of Premise Associates, Incorporated, a real estate consulting company that will provide economic consulting services for integrated real estate strategies.



Katherine F. Beebe, PhD

Norman J. Fredericks, Jr., of Birmingham, president of Kowling Company in Detroit, has been elected to the First of America Bank-Southeast Michigan board of directors.



Norman J. Fredericks, Jr.

West Bloomfield attorney John L. Tatum has been elected chairman of the Oakland County Local Emergency Planning Committee which is charged with the development of chemical emergency plans under the Emergency Planning and Community Right-To-Know Act.



John L. Tatum

Elizabeth Moss has been appointed the director of education for Butler Graphics, Inc. of Troy. Her new responsibilities include the coordination of all computer education/corporate training programs and support staff for multimedia, graphics and desktop publishing in addition to consulting with service bureau clients.



Elizabeth Moss

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

By DOUG FUNKE
STAFF WRITER

At one time John R. Heafield snapped pictures for a living. Now, the 44-year-old Bloomfield Township resident takes care of the film processing for others.

Heafield owns an independent business that he said has annual sales of nearly \$1.2 million. He owns equipment free and clear valued at several hundred thousand dollars and employs 14.

Heafield (pronounced Hay-field) and his wife, Beth, have cultivated those fruits less than 10 years after sowing the seeds for PhotoFast One Hour Photo in Birmingham.

The couple defied conventional wisdom in building their business, Heafield said.

"We were advised by a number of self-styled gurus that shopping centers were the place to be, but we didn't find any we liked that didn't already have a (photo) processing center," he said.

"I was in touch with the U.S. Census Bureau, Wayne State University. I scouted all the way from Mount Clemens, Dearborn to Ann Arbor."

The Heafields finally settled on a ground-floor shop in a combination retail/office/residential complex, Birmingham Place, where they've been ever since their April '83 grand opening.

"Some people thought I was making a mistake not being in a mall," he said. "They said Birmingham was not open in evenings or Sundays, that it doesn't have a lot of business hours. They said that on Hunter Street everyone goes 50 miles per hour and no one sees you."

But the Heafields set up shop there anyway.



Photo processor: John Heafield and his wife, Beth, have put together a thriving film processing business, PhotoFast, which seems to draw a loyal customer base.

Instinct won out

"I felt the demographics were right. The area certainly could afford to pay for good work," he said. "When I came into this area, they didn't have a lab within three miles."

Both Heafields were accountants at

American Motors before they decided to get into the film processing business.

Heafield felt he was underpaid as a photographer at U-M, later unfilled as an accountant.

"The day my daughter, Rachel, was

born, I took some film (of her) to a lab near Providence Hospital in Southfield. That was the day my interest really took off. I became impressed by the speed and quality the machines were capable of," he said.

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Highland goes down for the final count

By DOUG FUNKE
STAFF WRITER

All three Highland Superstores in Westland, Troy and Southfield had white-on-red "now hiring" signs on their doors this week.

But it's not going to happen. Instead, the retailer of home entertainment equipment and appliances announced plans to sell its inventory and go out of business, unable to agree on a restructuring plan with creditors after filing for bankruptcy protection last summer.

Stores have been locked, and, according to a recorded message on store telephones and a news release, will reopen approximately March 26 for a liquidation sale.

Many people apparently couldn't wait.

Stella Licopoli visited the Troy



store late Tuesday afternoon looking for deals.

"I wanted to see what they have," she said. "Anything to save a dollar. I need a dishwasher, possibly a refrigerator — whatever's a bargain."

Roger Hale stopped by the Westland store after hearing radio accounts of Highland's demise.

"I'm here to get a laser disc," he

said. "It's human nature if you can get a bargain, get it."

While Highland's closing may be bonanza for consumers, employees and stockholders of the publicly-owned company will take it on the chin.

Some 550 Highland employees at the Plymouth headquarters and several stores in the metro area eventually will lose their jobs.

It hadn't been determined earlier this week whether the company would offer any kind of special outplacement services to laid-off employees, said Danette Wineberg, Highland vice president.

At least one competitor, Fretter, headquartered in Livonia, has an eye on augmenting its work force.

"We're always looking for good people," said Dale R. Campbell, execu-

tive vice president for Fretter. "I'm sure we'll be interviewing and hiring."

There will be no recovery for shareholders, Highland announced. The stock has been selling for pennies per share in recent months, closing Monday at 37 1/2 cents per share.

On the positive side, individual stockholders have no personal liability for the company's financial debts.

Highland owes financial institutions and suppliers about \$150 million, said Lawrence K. Snider, lawyer for the creditors committee in the bankruptcy proceeding with Highland.

Four major creditors — National Bank of Detroit, Comerica and subsidiaries of AIG Insurance Co. and

See HIGHLAND, PREVIOUS PAGE

Prioritize goals by pouring energy, assets into business startup

By DANIEL BOYCE
AND ALAN FERRARA
SPECIAL WRITERS

To receive a free financial planning brochure or to obtain a questionnaire to participate in this column, contact the Center for 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.

A phrase that is often used in financial planning is "If you don't know where you are going, any road will do."

This is often used in reference to clients who have not clearly defined the goals they wish to

achieve and therefore cannot determine in which direction their efforts should be pointed.

This month's case, Ron Solomon of Berkley, has clearly defined to us his goals, but we also need to work on how these goals can be accomplished.

Solomon, 34, is unmarried and works as a golf pro at a private golf course. His work is seasonal, mostly in the summer, and he earns approximately \$20,000 per year.

He has said to us that "if things go well, I should be able to put away \$3,000 to \$5,000 each year." His current investment assets are approaching \$40,000.

Solomon has big dreams, which can be positive. His goals are spe-

cific and include buying a new truck next year (at a cost of \$20,000), buying a lot on a golf course in the suburbs in two years (at a cost of \$50,000), starting a clothing business in three years and owning a driving range in five years.

Five years thereafter, he wants to build a house on the lot, buy a condo in Arizona and have his retirement planning in order. These are excellent, specific goals and sound great but will be very hard to accomplish on an income of \$20,000 per year and \$5,000 of savings per year.

Speculative Investments

Much of Solomon's investable assets are in stocks and options. His stocks are relatively small, volatile holdings, and his options are clearly speculative. Statistically, more than 80 percent of all stock options expire without any value whatsoever. Buying options is somewhat like playing the lottery and is no sure way to financial success. Solomon may be counting on these stocks and options to hit big for him, and they apparently have offered him a good return in recent years, although with significant risk.

It appears that there are insufficient assets and income to meet all of Solomon's goals within the time period he has set. If he is to have any chance of achieving some of his goals, he should extend the time period for reaching these goals and limit the number of goals he is trying to achieve at one time.

If he would like to achieve all of these goals eventually, we would

advise that he put all of his efforts now toward establishing and building a business. This may be a risky proposition because many new businesses do not succeed for various reasons. But with proper preparation, planning and a bit of luck, he may beat the odds and succeed.

There are many pitfalls and opportunities in establishing a new business. First, proper planning is important. A business that is based on a clearly defined and reasonable business plan has a greater chance of success. Many businesses fail because they are undercapitalized — that is, not enough money has been set aside for operating expenses of the business and unexpected emergencies. It is not enough to have a good idea for a business. It is vital to have the financial wherewithal to see that idea through. With a good business plan and sufficient initial capital, a business may be able to succeed on its own or it may be possible to convince a bank or other investors to contribute additional capital.

There are also many legal and tax issues that should be considered prior to starting a business, such as the form of doing business, liability, taxation and employee issues. Failure to consider these issues in advance can doom a new business. Solomon should seek the advice of a qualified attorney and accountant in establishing his business.

Get down to business

If Solomon's main goal is to establish a business, he should put all of his resources, financial and

■ There are many pitfalls and opportunities in establishing a new business. First, proper planning is important. A business that is based on a clearly defined and reasonable business plan has a greater chance of success.

otherwise, into the business. Using his capital to buy a \$20,000 truck and a \$50,000 vacant lot could prevent him from ever having sufficient capital to begin his business.

Solomon has told us that he has no estate plan in place "except what I told my parents." While an estate plan need not be complicated, he should at least have a basic plan in place. An individual who dies with assets in his own name without a will causes the estate to be subject to the Michigan Intestacy Statute. In Solomon's case, if he dies without a will, the Michigan statute provides that the entire estate would go to his parents, which may not be actual desire.

Solomon also said that one of his concerns was to have his retirement planning in order within 10 years, although "at this point, I have not put anything into retirement, but I would like to retire at age 60 and be comfortable." If Ron chooses to maximize the possible success of his business by focusing his financial resources in establishing a business, he should give himself some time to make this dream a reality. He might want to set a goal of five to seven years to establish the business and focus financial resources

in that direction.

If he doesn't own a business by that time, he should put a priority in placing money into an IRA and other retirement savings vehicles at that time. If he establishes a business, as soon as it becomes profitable he should arrange a retirement plan for the business. This will help him accumulate assets for his retirement and will minimize taxes to the business.

While Ron's goals are excellent, his ability to achieve them in the desired time frame does not appear realistic. We would suggest that Solomon prioritize his goals in order of importance and place maximum effort on those that are most important to him.

By focusing on realistic paths to reach his destination, he will create the foundation to attain financial success.

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 Cousens, Lonsky, Peck, Ellis, Roeder & Lazar. Both have served in leadership roles in financial planning professional organizations.

ASSETS:	
Investment—	
Checking and Savings	\$3,700
Individual Stocks	30,000
Stock Options	5,000
Subtotal...	\$38,700
Personal Use—	
Auto	8,000
Cash Collection	2,000
Personal Possessions	10,000
Subtotal...	\$20,000
TOTAL ASSETS	\$58,700
LIABILITIES:	
None	None
NET WORTH	\$58,700



TALBOT O'BRYEN/STAFF ARTIST