

Southfield investor carving her niche

BY JANICE TIGAR-KRAMER
SPECIAL WRITER

In short time, investment manager Barbara Labadie has proven that big isn't always better.

From her office in Southfield's Town Center, Labadie is carving a sizable niche into the competitive and mostly male-driven world of portfolio investment.

Labadie, 50, formed Labadie Capital Management in 1990 with her own start-up funds and handful of clients. Last year, she hired a portfolio manager and a marketing and environmental expert, who are both men.

Today, the firm manages around \$20 million for a growing roster of clients, ranging from conservative people, whose investment goal is to outpace inflation, to high-risk entrepreneurs who like speculative risks.

"I've always been a trend watcher, so I sensed it was time for a woman-owned investment firm. The increasing number of women CPAs and attorneys today has helped to establish our (women's) credibility," Labadie said.

Labadie Capital Investment, by the way, is the only portfolio management firm in the state certified as a Woman's Business Enterprise.

The company also has an alliance with The Marshall Plan, a Boston-based, woman-owned firm that specializes in pension investments.

Labadie, a lifelong Grosse Pointe resident, started watching the market at age 15, when her grandmother gave her mutual funds. She started buying stocks at age 21. "It was a thrill even then," she said.

Since finance wasn't a woman's field in the '50s, Labadie earned a bachelor's degree in science from Wayne State University and a master's in education from Marygrove College.

"We were a conservative family, so I didn't consider a finance career. It wasn't a woman's field then, but I never



WILLIAM HANSEN

Right timing: Barbara Labadie formed Southfield-based Capital Management in 1990 because she believed it was time for a woman-owned investment firm.

stopped watching the market," said Labadie, formerly a teacher and science coordinator at Grosse Pointe Academy.

She took finance classes at Wayne State and Walsh College after her third child was born, perhaps sensing a career change was coming. In the late '70s, she started buying oil stocks for herself and for family friends.

"I had some fun and a lot of luck. Anybody would have done well in oil then," said Labadie, whose interest in investing was piqued by the success.

After a family illness, she wanted the safety not provided by a second income. She joined Manufacturers National Bank as a portfolio manager and in 1986 was on a team that set up the bank's highly successful private banking office in Southfield. At the same time, she earned a Chartered Financial Consultant (ChFC) designation.

"This is a competitive arena where you're not welcomed with open arms," she said. "I think women have an advantage in this business because by nature we engender trust."

For Chip Erwin, 32, the firm's vice president and chief financial officer, there's no difference between a male or female run investment firm.

"Actually, the size of the firm has been a greater adjustment for me than the gender factor," said Erwin, formerly a commercial lending officer for Northern Trust Co. in Chicago, and executive vice president of Republic Bank S.E. in Bloomfield Hills.

Besides trading Standard and Poor's 500, the company looks beyond earnings to find socially responsible investments for its clients. These are companies screened by the Domini & Co. Social 400 Index in various social areas — community and employee relations, environmental policy, equal employment opportunities and the like.

Labadie calls this "relational investing" because she, and a growing number of investors, believe that management's mindset will ultimately affect the bottom line. For example, a company with antiquated pollution control may wind up paying for costly environmen-

tal cleanup or litigation later on.

"You can't overlook these qualitative areas to size up a company. It's all part of understanding the management and anticipating its moves," she said.

Her firm even gives a percentage of each transaction fee to the client's favorite Michigan charity.

Though Labadie and her portfolio managers see a "pop movement" toward buying mutual funds, they believe that clients with more than \$300,000 to invest should buy individual stocks and bonds for two reasons: risk can be diversified away, and investors with portfolio income have greater control over their tax situation.

Labadie also thinks a successful investor lets the client define the service. "If a client's great uncle didn't like a certain stock, I won't suggest it twice," she said.

She thinks it's important to find a client's comfort level and, if necessary, do some hand-holding.

"One client's late husband managed all the investments, so I have to go slowly. I do a lot of explaining if I want to sell something she's had a long time," she said.

At one client's request, the company supplies a bar graph each month to show stock growth but sends the full report to the client's accountant. Labadie even gives clients her home phone number because most read their monthly reports after business hours.

Labadie believes smaller firms like hers are flexible and almost always outperform larger investment houses. "Big is bureaucratic and not necessarily better. We work with smaller amounts and don't move the market when we trade."

For now, her goal is consistent growth, but never at the client's expense. "Our perk is the personal relationship with our clients. Growth will come."

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ico and will have a second there in January. With NAFTA, there would be less duty on goods we ship there," Hartmann said.

Gerald DeHondt II, a Bloomfield Hills resident and president of the student board in the business school at Oakland University, picked up on the same thread.

"I had heard that people felt if NAFTA went through, auto companies would locate down there close to free labor and import back here," DeHondt said. "I thought he addressed that very well, that it wouldn't be cost effective to locate down there."

Craig Fitzgerald, a consultant with Plante & Moran of Southfield, found Eaton's comments about a growing cooperation among the Big Three automakers and with the federal government especially interesting.

"Japan has achieved a competitive advantage over the last 30 years by combining both competition among companies and collaboration with government," Fitzgerald said. "They are working together."

"We haven't done that," he continued. "Anti-trust laws have precluded working together at all. In the last few years, we've begun working together much more effectively."

U.S. automakers currently are working on eight or nine joint ventures that could improve their competitiveness in years to come, Fitzgerald said.

"Most suppliers see that as positive, this working together and with government," he said.

George E. Stevens, dean of Oakland University's business school, liked Eaton's call for continuing education and retraining. Jobs will be available for people who prepare and adjust, Stevens said.

"We have to impress on young people the need to keep learning, growing and get an education," he said.

Eaton spent much time on NAFTA, which he supports, and

health care costs during his address to several hundred listeners. "Opponents say the auto companies will run across the border to Mexico chasing cheap labor," he said. "What they don't seem to understand is that we could do that now, if that's what we wanted to do."

"The reason we don't do that is because transportation and other costs offset low wages in Mexico," Eaton said. "Our manufacturing base and our supplier base is in the U.S. for the most part, right here in the Midwest."

"We'd lose our shirt if we shipped everything to Mexico, assembled it, and then shipped it back."

Health care costs add \$1,100 to each car Chrysler produces, Eaton said, compared to \$500-\$600 for Honda, Toyota or Nissan whether those foreign models are built here or in Japan. A variety of reasons cause that disparity but it does exist, he said.

"Now, 25 years ago, you wouldn't have heard my Big Three CEO advocating a national health care program," he said. "Frankly, I think it's still a big risk. So why am I in favor of it?"

"Frankly, because health care costs are so wildly out of control and I don't believe there's any market mechanism in place that's going to affect that."

"I endorse the idea that all employers should pay for some level of basic health care coverage and that government must step up and provide assistance to those that are not employed."

"But health costs are everyone's responsibility and they should be spread as broadly as possible throughout society," Eaton said.

"Putting too much burden on employers may be politically expedient. But it could backfire. Employers who are asked to carry too much of the load may react by trying to shed employees."

Study creative marketing

Jim August, president of Troy-based August, Baker Communications Cos., will present two seminars Thursday, Nov. 4, at the Midwest Marketing Conference at the Somerset Inn, Troy.

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