

BUSINESS & FINANCE

EDITOR MARGARET O'BRIEN • 901-2568

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Local companies win Initiative Award



Three Oakland Companies have been honored by the U.S. Chamber of Commerce with the Blue Chip Enterprise Initiative Award for overcoming adversity to emerge stronger than ever.

BY BARR PETER TEMPLETON
SPECIAL WRITER

Owning and operating your own small business can be tough, but 1997 has proved a banner year for Heidi Van Arnem of Travel Headquarters in Birmingham.

Van Arnem has kept the determined young businesswoman anxious to continue her work to make travel easier for the disabled. "Earlier this year I got the President's Committee award as entrepreneur of the year and now this small business achievement

award," smiled Van Arnem. "I'm having a pretty great year."

The most recent business honor bestowed on Van Arnem listed her among four Michigan companies honored with the Blue Chip Enterprise Initiative Award. J.C.A. Construction of Southfield, Gordon & Co. P.C. of Troy and Bronner's Christmas Wonderland in Frankfort rounded out the Michigan winners list.

The award sponsored by the U.S. Chamber of Commerce, Nation's

Business Magazine and MassMutual, recognizes companies that have overcome adversity to emerge stronger than ever. Any for-profit company that employs between five and 400 people and has been in operation for at least three years is eligible for the contest.

"Across the country we are finding the best business and business people who are overcoming obstacles and creating success," John Davies, executive vice president of

See AWARD, E4

Index funds: Are they right for you?

Editor's note: This is the tenth article in an 11-part series on retirement planning. Next week's column will discuss picking which plan is best for you.

Last week we discussed several limitations of investing in index funds. This last column discusses some additional pitfalls of investing in these funds.

Deviations from the norm

Some index funds add a few special twists — such as futures and options — that cause these funds to deviate significantly from the index. Also, there are some funds that are too small or too inefficient to get the best prices on their transactions. Also, there are some leveraged index funds that are designed to generate a return that is a multiple of S&P 500's return. Investors considering these funds should be aware of their downside risk.

Potential downfall

Prevailing factors that have made indexing so attractive could also lead to its downfall. The growth in indexing, among both individuals and institutions, means that a greater portion of the stocks in the S&P 500 are being bought and put away in funds that hold them for a very long time. With less of these stocks in general circulation, buyers of individual stocks in the S&P 500 have to pay more for them.

Henry Kaufman, the venerable financial expert, explained that when more financial resources are indexed, active managers have a greater impact on asset prices. Therefore, he said, "what makes sense for an individual — to avoid the risk of underperformance by settling for the average return of the market index — collectively increases the probability that market values will lurch, one extreme to another."

A narrow focus

Large-cap stocks have been the star performers during 1995 and 1996, and the party is still continuing. However, this has not always been the case. In fact, historically small-cap stocks have handsomely beaten large-caps. Also, numerous studies have demonstrated that international stocks and bonds can increase the return and lower the risk of individual portfolios. Unfortunately, these choices, as well as the choice of holding cash, are out of bounds for index funds. Of course, an investor holding index funds could mix them with additional holdings, bond funds, and money market funds.

Value added by money managers

If you want your fund to beat the S&P 500, and your only data resources are past long-term performance records, you would quickly pass your search for funds from 6,000 to, say, 50, using performance records over a ten-year period. While the statistics drive many investors toward index funds, they also prove an important point: Selected funds do beat the market on a consistent basis, even allowing for the fact that in the past ten years, the broad market has outperformed its very long-term average of around 10 percent. In addition, few neophyte investors recall a period like the five years that ended in 1992, when more than 80 percent of actively managed portfolios beat the S&P 500. On this basis, a strong case can be made for active management. Put differently, we can say that index funds are fine, but some money managers do add performance.

Style can affect return

In a celebrated article published in 1992 in the Journal of Portfolio Management, William Sharpe, the Nobel prize-winning Stanford University professor, showed that investment style plays a greater role than security selection in a mutual

See MITRA, E2

Sid Mitra, Ph.D., CFP, is professor emeritus of finance, at Oakland University, and owner of Mitra & Associates, a Troy financial consulting firm. This column was critically reviewed by Professor Jerrold Grossman of OU. You can e-mail questions or comments to Sid Mitra at smitra@oakline.com.



New look at old business: People have been buying leashes, cages, food, toys and other supplies for pets for years, but Pet Supplies Plus owner Jack Berry, above, and partner Harry Shallop centralized all under one roof 10 years ago.

To the dogs Farmington man brings pet supply retailing into 90s

BY BARR PETER TEMPLETON
SPECIAL WRITER

"No Dogs Allowed" is one sign you won't see hanging in any of the Pet Supplies "Plus" stores across the country.

Customers are encouraged to bring their pets along while shopping at the warehouse style retailer. The only must for four legged shoppers is a leash.

The idea to make shopping for pet products fun and interesting was the brain child of Pet Supplies "Plus" owner, Jack Berry, of Farmington Hills. Berry and his partner, Harry Shallop, wanted to provide consumers with a clean and spacious place to pick up pet merchandise at a discount.

The store's unique plan called for great deals on pet supplies in an atmosphere that didn't include the sale of any animals. Gearing up to mark their 10th anniversary in the business, today Berry's idea is bursting out across the country in the form of 134 stores in 15 states.

There are 41 Pet Supplies "Plus" shops in Michigan which include 20 in the metro-Detroit area.

The retailer anticipates \$300 to \$325 million in sales this year. It seems no one is more surprised by the rapid growth of the store chain than Berry himself and in the midst of it all he's having a ball.

"This business has been a dream come true. I thought I might have five or six stores when I started out, but I didn't expect this," Berry said.

Creating a plan

A native of Detroit, Berry graduated from Cooley High School and spent 21 years working for the Great Scott Supermarket chain before going into business for himself. He was vice president of sales when he left Great Scott. After that he was President and owner of Mendelson Egg Company in Oak Park for several years.

Berry's partner at the Egg Company was Shallop, who happened to

See PET SUPPLIES, E4

Cost of living soars in Oakland County

Oakland County residents faced a cost of living that ranked eighth in the nation compared to municipalities of more than one million people, says an Oakland University report.

The county's cost of living for the third quarter of 1996 is 134 percent higher than the average cost of living in the nation, according to data released by the American Chamber of Commerce Researchers Association.

Places more expensive than Oakland County are New York City, Boston, Philadelphia, Washington, D.C., San Diego, L.A. and Seattle.

Oakland County housing costs are the most important factors in determining the county's cost of living. County utilities cost less than those in other areas; but health care costs are almost 20 percent more than the national average. Groceries are 10 percent higher.

The report says New York City, Boston and Washington, D.C. are the most expensive places to live in the country. But housing costs more in Oakland County than it does in Los Angeles-Long Beach, Seattle, Milwaukee, Cleveland and St. Louis. Oakland County housing costs are 37.5 percent higher than the national average.

OU was selected as the Oakland County source for

this national cost-of-living survey. The Rochester Hills university gives results to ACCRA, which compiles comparable data.

The goal is to give an accurate measure of a "market basket" of consumer goods and services in six categories: transportation, health care, grocery, housing, utilities, and miscellaneous goods and services.

See COST, E4

Eight new directors elected to Economic Club board

At the Annual Members Meeting of The Economic Club of Detroit, held Monday, May 19, 1997, at Cobo Center, eight new directors were elected to the Club's Board of Directors:

Lee C. Bollinger, President, The University of Michigan; Beth Chappell, Chief Executive Officer, Standard Federal Bank; Peter Karmans, Jr., Chairman and Chief Executive Officer, Compumark Corporation; Florine Mark, President, The Weight Watchers Group, Inc.; Carmen Munoz, President, Munoz

Machine Products; The Honorable Anna Diggs Taylor, Chief Judge, U.S. District Court. The Board of Directors next Annual Meeting will be held at the Detroit Club on Wednesday, July 23, 1997.

of Troy, was promoted to senior vice president in charge of Regional Metropolitan Corporate Banking.

Vincent Pavone of Southfield was appointed vice president of Madison Heights-based Acme Manufacturing Co. He oversees plant operations and oversees sales.

Colleen Rudl of Warren was promoted to manager, financial services department at Troy-based Kolon, Bittker & Desmond, Inc. Rudl oversees the daily functions of the financial services department, employee benefits and human resource functions.

See MILESTONES, E2

ODD JOBS

DIFFERENT WAYS TO MAKE A LIVING



Golf pro Terri Anthony-Ryan

Love of the game drives local golf pro

BY BARR PETER TEMPLETON
SPECIAL WRITER

It's not in the drive — it's in the putt.

That's just one of the philosophy golf pro Terri Anthony-Ryan uses as when she steps up to the tee to teach dozens of students a week at two Southfield golf courses.

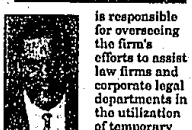
Anthony-Ryan, 38, was hired in 1989 as the golf professional at the Beech Woods and Evergreen Hills golf clubs. The courses are owned and operated by the city of Southfield.

A native of metro-Detroit, Anthony-Ryan graduated from Saginaw Valley State College with a degree in business before earning a teaching certificate at the University of Michigan. She has run the gamut of jobs as a golf pro including employment in private clubs, at resorts and even spent time as the assistant pro for the city of Livonia.

In Southfield, Anthony-Ryan runs all the tournaments, the junior clinics, fine clinics and gives private lessons for about seven

See ODD JOBS, E4

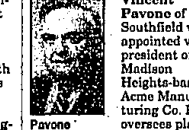
BUSINESS MILESTONES



Bricker

is responsible for overseeing the firm's efforts to assist law firms and corporate legal departments in the utilization of temporary legal professionals to meet their staffing needs in a cost-effective manner.

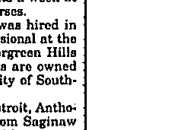
Robert Chiravalli of West Bloomfield was appointed vice president, human resources for Bloomfield Hills-based Oxford Automotive, Inc. Chiravalli is also the firm's chief labor and employment counsel and chief human resource officer.



Foster

Sharon Foster of Birmingham rejoined Gal-lagher ABOW, Inc. in Troy as a group technical consultant for the group benefit planning department. She was previously with Watson Wyatt where she was a consultant.

Anthony Magdowski of Bloomfield Hills and Ronald Marks of Troy were each appointed senior vice president, finance for Detroit-based Comerica Inc. Magdowski serves as a senior portfolio manager for fixed income securities. Ernest Zarb



Pavone

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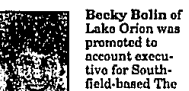
This column highlights promotions, transfers, hirings and other key personnel moves within the Oakland County business community. Send a brief biographical summary — including the towns of residency and employment and a photo, if desired, to: Business Milestones, Observer & Eccentric News, 605 Maple, Birmingham, MI 48009. Our fax number is (810) 644-1314.



Marr

Paul Marr of Lake Orion, Richard Conrad of Rochester Hills and Amy Roda Rosales of Flint assumed new executive positions at General Motors North American Operations Group in Warren. Marr was appointed plant

manager of GM's Fairfax, Kan. assembly plant. Conrad was assigned plant manager of GM's Orion assembly plant. Rosales was promoted from assistant plant manager to plant manager of GM's Buick City assembly plant.



Bolin

Becky Bolin of Lake Orion was promoted to account executive for Southfield-based The Launs Co. Bolin is responsible for new business development, account management and coordination of public relations projects.

Jonathan Bricker, who is relocating from Chicago, was promoted to vice president-sales for AmeriClerk Temporary Legal Staffing in Troy. Bricker