

Business & Finance

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MORE THAN MONEY



SID MITTRA, PH.D.

The scariest four-letter word is risk

Editor's note: This is the first article in a two-part series on risk.

Let's begin with a simple quiz. If you just put \$10,000 into a bank CD, you:

- A. Did not assume any risk.
 - B. Took some risk.
 - C. Are guaranteed to lose, so you took enormous risk.
 - D. May have taken a risk, but it cannot be accurately determined without additional information.
- If you answered A, B, C, or D, you picked the right answer.

How come? That's because risk is subject to varying interpretations and your answer will vary depending upon how you have defined it.

Simply put, investment risk is the probability that the outcome of an investment will be different from what you anticipated.

So, if you expect to get a 14 percent return from investing in a mutual fund, you are taking a risk because you could wind up with, say, 10 percent return.

"OK," you say, "if I accept this definition of risk, shouldn't I also recognize that some investments are riskier than others?"

Yes, you should. In fact, I believe the best way to describe the riskiness of an investment is to measure its standard deviation.

In simple terms, a standard deviation tells you how much an investment's short-term results vary from its long-term average. The higher the standard deviation, the more the investment results jump around.

If an investment is like a roller-coaster ride, then the standard deviation tells you what to expect in the way of dips and rolls. It tells you how bumpy the ride will be.

But that's not the only thing standard deviation offers. An academic study showed that a fund's current standard deviation is very reliable of its future standard deviation. The study also demonstrated that the higher the fund's standard deviation between 1994 and 1998 — that is, the riskier the fund — the higher its return over the next five years.

Of course, more risk does not always equal more returns. In fact, in a bear market just the opposite is true. Nevertheless, in general, a direct relationship usually exists between past risk and future returns. The same cannot be said of past returns and future returns.

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Sid Mittra, Ph.D., CFP, is professor emeritus of finance at Oakland University and owner of Mittra & Associates, a Rochester Hills financial consulting firm. This column was critically reviewed by Professor Jerome Grossman of OU. You can e-mail questions or comments to Sid Mittra at smittra@oonline.com.

Cowboys help firms lasso teamwork

BY BARB PERT TEMPLETON
SPECIAL WRITER

Forging close bonds between corporate employees who are working together on an important long-term project can be tough. Different personalities and work styles can often hamper the process of team work.

And solving such problems is where Andrew Cummins, founder of the Great American Cowboy Company, in Troy, rides in. He feels nothing builds team work like an authentic Old West cattle drive.

"The cattle drives of old required a group of cowboys to work together as a team to move the big herds," Cummins said. "The parallels between cowboy roles and corporate responsibilities are obvious. Without a group of leaders dedicated to the same objectives, no organization is likely to reach its goals."

Cummins' own introduction to the cowboy life was swift and drastic. A Michigan native, he was just 12-years-old when his parents sent him to Colorado to spend the summer at a ranch. Admittedly afraid of horses when he arrived, by summer's end he didn't want to leave the four-footed creatures behind. He's been heading west every chance he gets since that fateful summer.

"I was even a cowboy for many years in the 60s before I had to get serious and get a life," Cummins said.

He spent 20 years in the publishing before moving out to a career in marketing and communications five years ago.

In 1994 he participated in a 1,600 mile cattle drive that began in Texas and concluded in Montana. After that, Cummins knew he had to find a way to bring the joy of the cowboy experience to others.

"Essentially I had an idea, a desire and a dream," Cummins said. "So I formed the Great American Cowboy Company in 1995."

The idea for the business was two-fold. The first part centered on Cummins' dream of getting a group together to herd 300 cattle across the Chisholm Trail in Texas.

"This is a personal venture but there is also great his day's significance," Cummins said. "There hasn't been a herd along the Chisholm Trail for 130 years."

He has been busy during the last three years getting the details of the trip completed. Cummins hopes to drum up plenty of sponsorship for the ride that will begin in San Antonio, Texas next May and end in Abilene, Kansas. He expects the 800 mile journey will take up to four months.

Anyone eager to hit the trail for a day, a week or the entire four month trip is welcome to join the ride. The trip should prove interesting as much of



Ropers: Representatives from the Great American Cowboy Company in Troy want to help other corporations build better teams with cattle drives and other activities out west.

the area has been built up with highways, businesses and private homes.

"The area is all developed now and we've had to go and get approvals from the private landowners and the states to make the ride," Cummins said. "Oklahoma has staked out the whole trail for us there."

Beyond the Chisholm project, Cummins founded his company in hopes of showing corporations and private groups how they could polish their team building skills by sharing the work on a cattle drive.

When John Carter, owner of Learning Designs, Inc. of Auburn Hills heard Cummins' idea, he was happy to provide the team building aspects of the plan. Learning Designs, Inc. is a full-service training company with over 16 years of experience in the design and development of programs geared to improving performance.

"Many companies provide a standard, off-the-shelf approach to team building," Carter said. "By

combining the elements of an old time cattle drive with authentic problems to solve, we can offer an unparalleled experience in team building, personal growth and achievement."

"He's team building and training while I'm the cowboy and logistics," smiled Cummins.

After securing formal agreements with two cattle ranches, Redding Land Cattle Center in Tucson, Arizona and the Black Mountain Ranch in McCoy Colorado, Cummins was ready to start rounding up would-be cowboys.

The program he created includes a five-day package for as few as six or as many as 12 cowboy hopefuls.

The adventure begins with a flight to either Arizona or Colorado. That first night on the ranch groups don their cowboy attire and gather together for a brief orientation session.

Once the upcoming cattle drive is explained, the

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Liberty BIDCO named among top Private 100

TOP 100

Liberty BIDCO Investment Corporation, a leading provider of mezzanine financing, was ranked 13th on the list of the fastest growing private companies in the 1998 Michigan Private 100 ranking recently released.

To achieve this ranking, Liberty's five-year compound annual rate of revenue growth is 46.91 percent, significantly higher than the vast majority of Michigan companies.

"We are extremely pleased to be

named to the list," Pearl Holforty, Liberty's president and CEO, said. "It's an inspiring example of the success of our clients and our team, and shows what can happen when you focus on your goals."

Liberty became operational in 1992 and is based in Farmington Hills.

It is a private financial institution offering mezzanine financing and management solutions to businesses that are growing and expanding throughout the region.

In 1997, Liberty BIDCO was named on the Inc. 500 list as one of America's fastest growing private companies.

Client companies are located throughout Michigan, Illinois, Indiana, Ohio, Pennsylvania and Florida.

Southfielders host Labor Zionist Alliance meeting

Sol Drachler and Mel Seidman, both of Southfield, have been named local chairmen of the annual Labor Zionist Alliance which will hold its convention in Metropolitan Detroit June 5-8.

They are working with Jeffrey Mallow of Chicago, the national chair, and Jeremy Salinger, also of Southfield, president of the Detroit LZA.

The ten-day meetings are being held in the Detroit area for the first time in 30 years, and will include delegates from around the United States. Most events on the program will be held at the Southfield Westin Hotel.

The extended weekend includes ses-

sions on America-Israeli relations, formal convention proceedings and a community forum on the American and Israeli scenes. Reconstructionist Shabbat services, led by Congregation Tchiyah, will be held at 9:30 a.m. Saturday June 6, at the Westin. Entertainment will include klezmer music by Dr. Neil Alexander, the founder of Klezmer Fusion.

In its 10th decade, LZA encourages Americans to work toward an Israel as a land of peace and justice through the institution of social democracy, the freedom of Jewish religious pluralism and the pursuit of peaceful coexistence with

its neighbors. Na'amat and the Habonim youth movement join with LZA as the American arm of the world-wide Labor Zionist Movement, which includes Israel's Labor Party.

Drachler, who is retired, is a former executive vice president of the Jewish Federation of Metropolitan Detroit. Seidman retired as the principal of Detroit's Winterhalter Elementary School.

Registration fee for non-delegates is \$100, which includes participation in the convention, two breakfasts, one lunch and convention materials. For information, call (248) 967-3170.

Engler: Record unemployment makes Michigan 'Jobzilla'

The employment picture in Michigan was bright in April, with several records being set. Michigan's unemployment rate dropped a substantial four-tenths of a percent to 3.5 percent during the month, giving the state the lowest seasonally adjusted rate since 1970, the earliest year for which comparable data exists.

The state's unemployment rate has dropped nine-tenths of a percent since April 1997.

The number of people employed also was at a record level of 4,852,000. Those listed as unemployed dropped to 176,000, the lowest number since January 1970.

"It's hard to argue with success," said Doug Rothwell, CEO and Department Director of the Michigan Jobs Commission. "We are

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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 Newspapers, 805 E. Maple, Birmingham, MI 48009. Our fax number is (248) 644-1314.

Connie Edwards of Oakland Township has joined SMZ Advertising in Troy as an account executive. She will help manage the Kelly Assisted Living Services and AAA Michigan accounts. She previously worked for Kelly Assisted Living.

Jeff Hall of Waterford was named an assignment manager of MacTempa in Southfield. He will be responsible for building relationships with companies.

he was recently as project management supervisor at Ross Roy.



Levine

Jeffrey Levine of Bloomfield Hills has joined Strubel and Borda, P.C. of Bloomfield Hills as a partner. He specializes in taxation, insurance, construction and probate law. He was previously a partner in Koywell and Rosenfeld, P.C. in Troy.

Paul Manners has been named executive vice president of Hammond Mustard in Bloomfield Hills. He joined the company in 1995 as general sales manager. Prior to entering the retail end of the business, Manners was an accomplished pianist working with Bob Hope, Steve Allen and Milton Berle.

BUSINESS MILESTONES

Tresa Meyer of Redford has joined Kolon, Bittker and Desmond in Troy as a graphic designer. She previously worked for Bak and Associates in Farmington and Kmart headquarters in Troy.

Karen Pierce has joined Alan Frank & Associates in Bloomfield Hills as assistant account executive on the KFC dealer co-op accounts in several states.

Brenda Pillay has joined Kolon, Bittker and Desmond in Troy as a graphic designer. She previously worked for GMAC in Flint and Advanced Newspapers.

Paul Ronusch of Rochester Hills recently joined Bezell

Worldwide in Southfield as a senior producer in the broadcast production department. He will be responsible for broadcast commercials for Chrysler's Plymouth/Jeep division.



Saell

Thomas Saell of Birmingham has been appointed director of mergers and acquisitions for Lear Corporation in Southfield. He will be responsible for analysis and due diligence for acquisitions and joint ventures in North America and Europe. He previously worked for Oxford Investment.

Margaret Savage of Southfield has been appointed to advisory board of directors of the St. Vincent and Sarah Fisher Center of Farmington Hills. She is the president of Kemler Savage Enterprises.



Singer

Rebecca Singer of Sterling Heights has been promoted to account coordinator at Stone, August, Michalski & Company in Troy after six months in a traffic position.

Robert Smigielski joined Midwest Guaranty Bank as a bank officer and branch manager for its new Farmington Hills office. He previously worked for Michigan National Bank.

Canfield, Paddock and Stone as an associate in the labor and employment law department. She was previously an attorney at the Chicago firm of Winston & Strawn.

Anthony Winters of Royal Oak was promoted to account supervisor on the Chrysler Jeep brand at the Detroit office of Bezell Worldwide in Southfield. He will oversee the day-to-day operations of the development of advertising materials for the Jeep brand.



Wright

Jeffrey Wright of Royal Oak has been appointed vice president and relationship manager at Creditmark Bank in Troy. He was previously assistant vice president and loan control officer for First of America Bank in Birmingham.