

MORE THAN MONEY



Sid MITRA, Ph.D.

Bonds not necessarily an evil

Stocks are exciting and bonds are the necessary evil. That's believed by everyone who is awed by the power of asset allocation as a long-term investment strategy. The reason for this belief is not hard to find. A study published by Warton Professor Jeremy Siegel demonstrated that \$1 invested in stocks in the year 1800 equaled \$3.05 million in 1992; the comparable value of \$1 invested in bonds was a dismal \$6.50.

What's more, the short-term returns of both asset classes tell the same story. During the first quarter of 1998 the S&P 500 increased by approximately 13 percent. Over the same period the return on long-term treasury bonds was 0.6 percent.

So the question is this: If bonds are so bad, then why should investors put their money in bonds? The answer is straightforward: Putting money in bonds tends to calm the jitters of investors whereas the market's historic run makes them both grateful and extremely nervous.

But wait. Investors are not doomed to accept very low returns in bonds. They now have the option of investing in market-neutral funds which are designed to shield investors from market volatility. This is done by combining a bet that stocks will rise with an equal bet that they will fall. If that sounds like an oxymoron, please read on.

To see clearly how a portfolio can eliminate risk, assume you are interested in the stock of two companies, the Hawk Company and the Dove Company.

The Hawk Company manufactures war goods and naturally prospers during a political conflict. In contrast, the Dove Company produces only goods used during peace and enjoys a profitable business when the country is at peace. The following table shows the expected return for the two companies during two contrasting political situations:

Situation	Hawk Co.	Dove Co.
Peace	25%	25%
War	25%	25%

An investor who owns stock in the Dove Company can expect to earn 25 percent if peace prevails, but will lose 25 percent if war breaks out. The reverse will be true if Hawk Company stock is purchased.

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

County bond rating reaches new peak



Several trips to New York finally paid off for Oakland County which had its bond rating raised by both Moody's Investor Service and Standard & Poor's recently. Oakland County is now rated AAA.

The County of Oakland recently earned an AAA bond rating from Wall Street's two most prestigious bond rating firms.

Standard & Poor's upgraded the county's bond rating from AA+ to AAA, which is the highest possible

rating. Moody's Investor Service also granted the same rating, a promotion from its previous AA3 designation.

"This is great news for the taxpayers of Oakland County because the AAA rating system will save the

county millions of dollars in future borrowing costs on a variety of drain and sewer projects," Oakland County Executive L. Brooks Patterson said.

"The AAA bond rating is the highest possible rating and extremely difficult to earn, as evidenced by the fact only relatively few number of counties nationwide have ever achieved such status."

While several county representatives were involved in the January 1998 presentation to Standard & Poor's and Moody's, Patterson sin-

gled out county treasurer C. Hugh Dohany for special praise.

Dohany was instrumental in convincing both bond rating firms that Oakland deserved the improved rating, Patterson said.

This is the fourth time in as many years that Patterson has led a contingent of county officials to New York on trips to lobby for a bond increase.

The AAA rating will be applied for the first time when the bonds for the Wolf Drainage District are issued.

Graduation day



Leaders: Leadership Oakland founder and board member John Fovenski, left, congratulates Mike Simonte, who graduated from the program with more than three dozen other Oakland County business and government leaders Wednesday, June 10, at Addison Oaks. Leadership Oakland Executive Director Lucia Paperelli and Eccentric Publisher and General Manager Steve Pope are in the background. The program forms a class of local leaders each year to learn about different aspects of county business and government in monthly meetings.

Rebuilt

W.B. Doner staff moving back to Southfield home

BY BARB PERT TEMPLETON
SPECIAL WRITER

More than 400 employees of W.B. Doner, one of the top advertising agencies in the U.S. and one of the largest in Metro Detroit, recently returned to their international headquarters after a complete redesign and rebuild of their office space. A fire had devastated the building at 26900 Northwestern Highway nearly two years ago.

A dozen employees were inside the office when the fire broke out on Sunday, Aug. 4, 1996 but all escaped without injury.

More than 300 employees were moved to the Galleria Office Center, also in Southfield, where they remained for 22 months.

The transition to a smaller office site placed employees in cubicles and allowed others to work from home offices but the adjustments didn't prove a hindrance to the growth of the agencies business, according to Pat Baskin, Vice President, Director of Public Relations, at W. B. Doner.

"In the sense of business things went really well," Baskin said. "We acquired many new accounts including the Mazda account which is our first automotive brand account."

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Seminars coming to help small businesses

Two seminars are being offered in June 1998 to assist small business owners with startup procedures.

The seminars are being presented by the Oakland County Region Small Business Development Center (SBDC) and Oakland County Development & Planning Division. The classes will be held at the Oakland County office complex on Telegraph in Pontiac.

"How to Start a Business" is a seminar for anyone thinking about going

into business. Participants test their entrepreneurial skills, learn how to implement their ideas and receive a list of pitfalls to avoid when starting a business.

Also included is "Starting a Business in Oakland County," a publication by the Oakland County Development and Planning Division. The class runs from 9-11:30 a.m. June 16. The fee is \$20.

"How to Write a Business Plan" is a seminar for small business owners who

are developing a plan that will serve as their road map to success. Participants are guided through the steps on how to prepare a business plan and are given resources to help them complete the plan. The class runs from 9-11:30 a.m. June 25. The fee is \$35.

To register for either class, please contact the Small Business Development Center at (248) 204-4053. Reservations are required and space is limited.

Local retail sales blossom in recent index

Michigan retailers posted their best sales of the year in April, bouncing back from a March dip that broke a string of eight positive months.

The latest Michigan Retail Index survey found that 59 percent increased year-to-year sales for the month, while 16 percent reported no change and 25 percent saw a decline.

The 59 percent was the best since last December's 63 percent. The 25 percent figure was the lowest since December 1994.

The Michigan Retail Index is a joint project of the Michigan Retailers Association and the Federal Reserve Bank of Chicago.

"Retail sales were strong throughout the state and across the industry in April," said Larry Meyer, CEO of the Michigan Retailers Association and former director of the Michigan Department of Commerce.

"Consumers loosened their purse strings as the economy continued to hum along and spring hit the state."

JVS honors workers, sponsors at annual dinner

Vladimir Rozenblat of Southfield, and three other metro Detroit residents, were honored with the 1998 "Employee of the Year" awards from Jewish Vocational Services.

The honor recognizes extraordinary vocational accomplishments of local workers placed in employment through JVS.

The workers collected their awards at the JVS Strictly Business awards luncheon on May 27 in Dearborn. Compuware Corporation also received a "Business Leadership" award. Strictly Business Honorary Chair Robert Lutz, vice chairman of Chrysler Corp., gave the keynote address and offered his con-

gratulations to the award winners as well.

Rozenblat was nominated for the award by his employer TecArt Industries. Rozenblat joined TecArt after leaving the former Soviet Union because of anti-Semitism. Upon his arrival in the United States, he was referred to JVS, where he prepared for the Detroit-area job market. At JVS, he attended job readiness workshops conducted in Russian, obtained resume a resume and learned how to succeed in an American business environment.

Rozenblat's supervisor, Jack Simon, nominated him for the award in recognition of the personal and professional goals he achieved during his employment with the company.

"Mr. Rozenblat is an asset to our company who is also making a contribution to his community," Simon said.

He added that Rozenblat has worked hard to become self-sufficient, has achieved the "American Dream" and recently purchased his own home and a new car.

Strictly Business is an annual event of JVS, a nonprofit, nonsectarian agency serving employers and job seekers in metropolitan Detroit.



Rozenblat

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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.



Andrea Arnold

Andrea Arnold of Center Line has been promoted from assistant account executive to senior account executive at Zimmerman Public Relations in Troy. She assists with media relations, writing, special events planning and research activities for several of the firm's clients.

Paul Condino of Southfield has become a principal in the firm of Mooney and Associates, P.C. in Southfield. The firm will now be known as Mooney & Condino, P.C.



James Dworman

James Dworman of West Bloomfield has been made a member of the board of directors at the law firm of Dean & Fulkeron, P.C. in Troy. He joined the firm in 1991 as an attorney specializing in business law, real estate litigation and appeals.

Melinda Fondaw of Rochester Hills has been made a print department manager at Desmond, Inc. in Troy. She joined the firm in 1997 as a media assistant.



Robert Everett

Robert Everett has been named president of DMR Financial Services in Farmington Hills. He was previously director of group sales with Procter & Gammer Warren in Troy for six years. He has been in the insurance business since 1974.

Paul Marlon of Farmington Hills has joined Sterling Bank & Trust in Southfield as an account manager in the credit card division. He will be responsible for outside sales activities for Sterling's credit card operation, which is one of the largest issuers of secured credit cards.



Scott Meler

Scott Meler of Farmington Hills is the new director of marketing for the Great Lakes area at Nextel Communications in Southfield. He will direct the area marketing staff and develop the department's functions in Michigan, Ohio and Western Pennsylvania.

Bruce Niebyski of Birmingham has been appointed senior associate medical director at Health Alliance Plan in Detroit. He will provide medical direction for HIA's utilization and quality management



Nibyfski

activities and lead the development of clinical quality improvement programs that meet the needs of members, employers, providers and regulatory bodies.



Shelley Roberts

Shelley Roberts of Birmingham has been appointed executive director of the Community House of Birmingham by the board of directors. She was previously a senior financial resource development associate at the Jewish Federation of Metropolitan Detroit.



Jeffrey Saut

Jeffrey Saut has been appointed managing director of equity research at Detroit-based Roney Capital Markets, a division of First Chicago Capital Markets, Inc. He is relocating to the area from Atlanta where he was responsible for equity research, investment banking, institutional sales and syndicate at Sterne, Agee & Leach, Inc.



Donald Tucker

Donald Tucker of Birmingham was elected president of the Detroit Swedish Council in May. He is a senior attorney at the law firm of Howard & Howard II, Bloomfield Hills. He has been a board member of the council for seven years.