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Off-price retailers in fashion

*AN Employee By The Name Of BARBARA KAY
Brought this IN. I Thought you might like to
Read it
LARRY*

By Bruce A. Mohl
Globe Staff

Six years ago, Ralph Banner decided to give up what he calls the easy life of a Merrill Lynch stock broker.

He opened a men's clothing store in Needham.

From the start it was a gamble. Banner had once been a skiwear manufacturer, but he was a novice at retailing. So was his son,

Joseph, who joined him. His wife was the only one who had ever worked in a store, and that was as a security guard.

Their new store had fake wood paneling and tile floors, a decor inherited from the previous tenants, lab workers for the Environmental Protection Agency.

The Banners didn't mind. Neither did their customers, who apparently didn't care if the store looked good on the way in as long as they looked good on the way out. They came to Banner's Designers Clothing Ltd. because they could find the same brand-name suits and sportcoats carried by the big-name department and specialty stores for less. Much less.

Banner currently sells a three-piece Calvin Klein suit for \$189. At Bloomingdale's, Filene's and Jordan Marsh, a Calvin Klein three-piece suit goes for more than \$280.

The same is true with shirts. Designers Clothing sells a Calvin Klein shirt for \$16, or three for \$45. Calvin Klein shirts go for \$28.50 at Filene's and Jordan Marsh. Bloomingdale's sells them for \$26.50.

No one is predicting Bloomingdale's and the others are about to stop ringing up sales. But retail analysts say Banner's Designers Clothing and the so-called off-price retailing phenomenon he represents are beginning to pinch traditional stores' profitability.

When discount department stores came on the scene in the 1950s and 1960s, department stores survived by abandoning such hard goods as appliances and focusing on higher-quality fashion merchandise for the higher-income consumer.

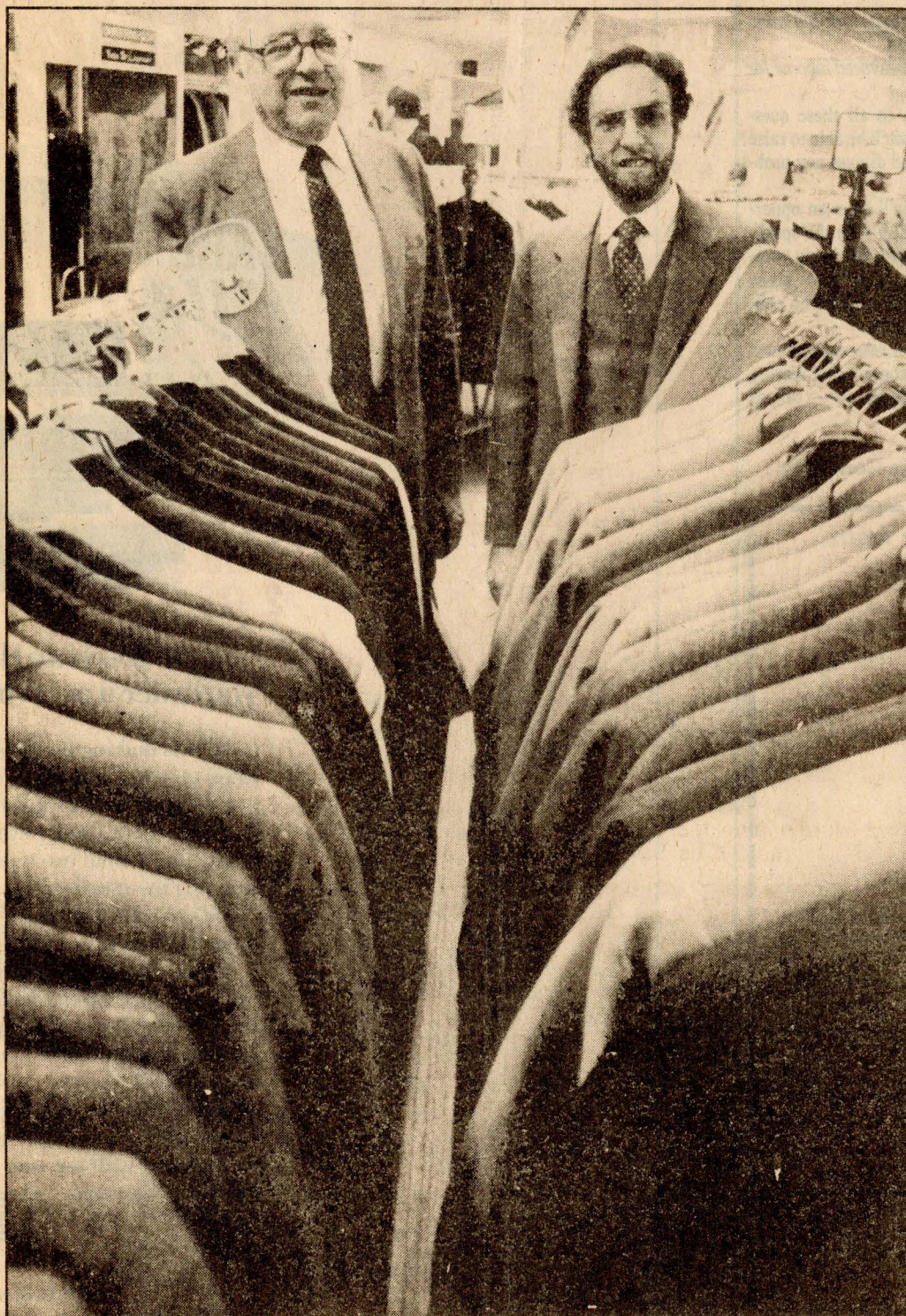
Now comes the off-price retailer who is targeting the same higher-income customer with what appears to be the same merchandise. Off-price penetration in some markets is estimated to be as high as 20 percent.

"If any traditional store is vulnerable and hanging on right now, those are the ones that are going to be put out of business as time goes by," said Willard M. Salzer, a retail analyst with Cushman & Wakefield Inc. in New York.

Off-price retailers are able to undercut a traditional store's prices by 20 percent to 50 percent by reducing operating costs and buying goods more cheaply from the manufacturer.

Profit levels depend on volume. Banner already has opened three more stores, including one downtown on Devonshire street. His sales have been doubling each

Ralph Banner, left, and son Joseph gambled and won with Designers Clothing Ltd. GLOBE PHOTO BY JOSEPH DENNEHY



Making a bundle selling clothes—and company stock

IF I EVER GET a shot at a second life and my life's goal is making big money—not journalism—maybe I'll open a cut-rate men's clothing store. If it works, maybe I'll open more stores. Who knows? With a little luck, I could make myself about \$230 million.

If you're about to say the summer heat has gotten to me, don't. The fact is, this seeming fairy tale may very well become a reality—for someone else—later this month when Syms Corp., a chain of 11 clothing stores, primarily for men, is scheduled to go public.

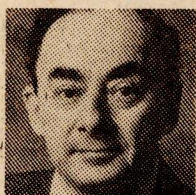
Syms, through underwriters Bear Stearns & Co. and Rothschild Inc., plans to sell 3.125 million shares at between \$16 and \$19 a share. That'll raise, before underwriting fees and other expenses, \$50 million to \$59 million.

If it comes to pass, it'll be an incredible bonanza for the company's chairman and chief executive, Sy Syms Merns, 57.

All the stock is being sold by existing shareholders, none by the company itself. Sy Syms, as he refers to himself in his steady onslaught of TV ads, will be selling the most—2,187,500 shares, or 70 percent of the offering.

DEPENDING ON THE actual offering price, Syms will be the immediate beneficiary of \$35 million to \$41.5 million.

Now that may sound pretty good, but wait—that's just the opener.



Dan Dorfman

After the offering, Syms still will own just over 10 million shares, or 57 percent, of the 17.65 million shares of outstanding stock. So our prolific moneymaker will retain stock—again, depending on the offering price—worth between \$160 million and \$190 million.

Thus, you're looking at a potential payday from the offering of \$231.5 million

BUT THAT'S in the future. For now, to make ends meet, Syms, you'll be pleased to hear, also commands a decent salary—to be precise, \$954,824 last year, including benefits and bonus.

But that was by no means all the money he made from the company last year.

Thanks to a special leasing agreement he has involving one of the stores [in Elmsford, N.Y.], Syms was able to extract an additional \$645,259 from his company, thus pulling down a grand total of just over

\$1.6 million last year.

Under the leasing arrangement, Syms Corp. leases the Elmsford store from Syms. It pays him a rental and percentage of sales. Last year the rental was \$297,500; it was recently boosted to \$435,000.

Interestingly, the runner-up in remuneration at Syms Corp.—and a distant one at that—is Sy Syms' daughter Marcy. She's president and was paid \$100,000 last year.

BASED IN Lyndhurst, N.J., the Syms chain, which also sells some women's and children's apparel, sports a pretty good track record. But investors are being asked to pay a fancy price-earnings multiple, the kind usually accorded fast-growing technology companies, for the privilege of owning the stock.

Over the last five years, Syms' net income has grown at a compounded annual rate of 21 percent. Sales in the same period have risen at a 27 percent annual rate.

In the 12 months ended June 30, Syms, which is primarily located in the Northeast and opened its first store in New York in 1957, earned 52 cents a share on revenues of \$168 million.

That means, based on the projected \$16 to \$19 price

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Dorfman

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range for its shares, the chain will have a price-earnings multiple of 31 at the low end and 37 at the peak.

In contrast, three retailing biggies—Sears, K mart and Federated Department Stores—sell at between 10 and 12 times latest 12-month earnings.

A CASE COULD be made that the whole area of off-price retailing is growing rapidly, and the Syms chain, with its proven expertise and record of growth, is situated to participate in further industry expansion.

However, with growth come rivals, and discounters in the apparel arena are springing up like crazy.

Then too, the new-issue market has taken a drubbing in recent months, raising the question of what kind of after-market the Syms shares will experience.

Yet another unknown is the potential impact of the increasing and enormous pressure being brought to bear by conventional retailers, both in Congress and in the courts, to restrain the freedom of discounters to sell merchandise at below list price.

This has reached the extent—not new, but said to be growing in the apparel field—of manufacturers' refusing to sell to discounters. And this could be especially detrimental to Syms.

ONE FOLLOWER of the new-issue scene, Norm Fosback, editor of a monthly newsletter out of Ft. Lauderdale, Fla. [aptly called New Issues], rates Syms "a nice company—but overpriced."

He bases this on, among other things, the company's earnings growth prospects [good, but not great] and the current sloppy market environment. He notes that many new-issue deals are being done at lower multiple evaluations and they're of greater quality. Moreover, he reports that those rare offerings [like Syms'] in which all the stock being sold is from existing holders are usually followed by relatively poor market performances.

As Fosback sees it, a \$10 to \$12 price range would be more realistic. And that still would reflect, he said, a healthy 19 to 23 multiple.

Fosback also raises the question of why Syms is selling so much of his stock at the outset if he has such faith in the company's future.

Syms, I'm sorry to say, was unavailable. But maybe that's smart. With a potential payday of \$231.5 million just around the corner, why rock the boat?

Consumers finding off-price retailers are in fashion

■ OFF-PRICE RETAILERS

Continued from Page 45

year and soon he expects to expand outside Massachusetts.

Other, larger, off-price retailers are capitalizing on the same trend. Marshalls, a division of the Melville Corp., is showing sales and earnings gains of 30 percent per year.

Filene's recently expanded its version of off-price retailing by opening four new basement stores in the New York City area.

Zayre Corp. in Framingham operates two off-price chains, T.J. Maxx for the family and Hit or Miss for the "career woman." In the midst of a sluggish retail environment, their sales grew 40 percent last year and are expected to do the same or better this year.

"The future of off-price retailing is, in theory, 25 percent to 30 percent of all soft goods [apparel] markets," said C. William Ress, president of a retail consulting firm based in Columbus, Ohio.

Retail economists estimate the total apparel market is approximately \$82 billion, which, if Ress is correct, would mean the off-price sector might some day account for \$24.6 billion in sales.

Zayre officials speculate that off-price retailing, geared to the moderate-to-better-income consumer, may be what self-service discount stores were to the lower-middle and middle-income consumers of the past two decades. Self-service discount stores today are the largest single sector of all general merchandise retailing.

Over the last decade, sales at department stores on an inflation-adjusted basis have declined. To offset these losses, department stores and specialty stores have raised their profit margins. This was the opening off-price retailers have exploited.

The off-price trend, for a change, is moving from East to West and already entire shopping centers of off-price retailers are springing up in the South.

The basic premise is to reduce operating costs by locating in areas where rents are cheaper and using



'We're (Designers Clothing Ltd.) the same as Jordan Marsh except the price is different.'

— Joseph Banner

simple store decorations. At some stores, sales help tends to be minimal or nonexistent, the retail equivalent of warehouse food stores, complete with shopping carts.

Lately, however, the tendency at many off-price outlets is to specialize and offer the same services found at traditional specialty or department stores. Banner, for example, offers the consumer assurance that he'll have a complete line of suit sizes. He also bars irregulars from his racks, provides plenty of sales help and lets a tailor operate independently on the premises.

"We're the same as Jordan Marsh except the price is different," said Joe Banner, Ralph's 29-year-old son.

Jordan Marsh spokesman Lee Slayton regards the comparison as inaccurate. He sees little impact from the off-price retailer. "There always must be some impact, but I think it's minimal," he said.

Salzer, the retailing specialist at Cushman & Wakefield, claims department stores that don't recognize the threat are going to be in for a shock.

"With an array of off-price retailers entering a market," he said, "they'll come in little by little and the traditional stores won't notice them in these early stages. Pretty soon, they'll have a new competitor in that market that's beating their brains out and it will be too late to take corrective action."

Corrective actions already are limited, Salzer said. Department stores and specialty stores could cut their prices to compete, but such a move might clash with upscale image-building efforts.

Price cuts also would depress profits, since most department stores face the high fixed costs associated with prime locations and large staffs working on commission.

Walter Raymond of the Menswear Retailers of America, a group of generally full-price haberdashers, says members of his organization are "very much concerned and bitter. They're being squeezed."

Perhaps the off-price retailer's major weakness is his image. As retail consultant Ress said: "For years, there's been a feeling among consumers that if it's cheaper it's not as good."

Howard Israel, president of Bed & Bath, a fast-growing New England chain, laments the sound of "off-price." "Don't describe me as off-price, please," he said. "It sounds like I'm doing something wrong."

Operators of traditional stores do nothing to discourage this consumer perception. Richard Kapelsen, president of Kaps, an exclusive men's store in Burlington and

Lawrence, claims some manufacturers are selling goods of lesser quality to off-price retailers.

"Does the customer really know what he's buying?" he asks.

Probably not, said David Ryan, sales manager for Jules Hertling Industries Inc., a New York men's suit manufacturer.

"There's all types of things you can do to a suit," Ryan said. "You can use lower-quality fabrics or lesser-quality trimmings. It's not a difference that the normal consumer will recognize, but the suits are not the same."

Off-price retailers maintain their merchandise, unless so marked, is of the same quality as that found in traditional stores. In fact, they claim most traditional stores now use private labels in their clothes to prevent the consumer from making a shopping comparison. Some claim traditional stores are buying inferior goods and selling them under private labels at inflated markups.

Manufacturers of fashion clothing are caught in a bind. These days costs are up, orders are down and manufacturers increasingly are being asked to carry the inventory load for their customers. In short, they are being asked to take more of the risk.

The response of many has been to open up their own factory outlets or to sell some of their surplus goods to off-price retailers. Usually they sell to off-price retailers in geographical regions where there is no overlap with their traditional customers.

This play-it-both-ways strategy occasionally backfires, however. Kapelsen at Kaps stopped ordering men's suits from Jules Hertling because the New York manufacturer also was selling to Designers Clothing.

Larger stores tend to carry even more weight. "I think it would be dangerous for a manufacturer to offend companies like Jordan's and Filene's," said Slayton, the Jordan Marsh spokesman.

Analysts tend to dismiss such threats. "A manufacturer is under tremendous pressure to use his plant, his machinery and his employees. Those goods will have to go

somewhere," said Byron Carter, president of Venture Horizons Inc., a retail consulting firm.

Most retail analysts see the department store adapting to the new competition by offering the consumer a more enjoyable and more distinctive shopping experience.

"There's a place for various kinds of distribution," said Michael Babcock, the new president of Filene's.

"The department store's sheer size makes them a formidable competitor," adds Israel of Bed & Bath. "No one can sell fashion the way they can. After all, they're selling sizzle. They're not selling steaks."

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Syms Goes From Private To Public

Sy Syms' latest offering has nothing to do with clothes. Rather, the firm is going public, selling 3.1 million common shares or 17.7% of its outstanding shares.

Following the trend established by Burlington Coat Factory Warehouse Corp. and Dress Barn, the stock sale will raise large chunks of

money for the founding family.

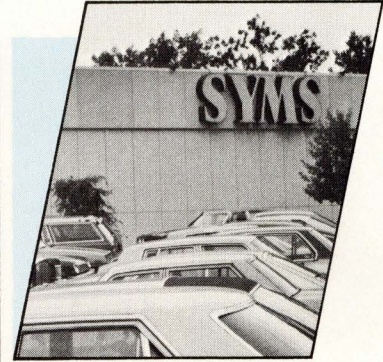
The Milstein family, owners of Burlington Coat Factory Warehouse Corp., realized \$66 million by going public, while retaining 65.22% of the company, and the Jaffe family gained \$17 million, retaining 47.5% of Dress Barn.

Sy Syms Merns and family will keep 82.3% of the firm. The remaining shares are intended to be offered for around \$19 each, netting the

family a total of \$65.3 million.

Syms Corp. is made up of three subsidiaries—Syms Inc., the 11-unit off-price chain, Syms Advertising Inc. and the recently acquired men's furnishings retailer, A. Sulka & Co. Ltd.

From 1978 to 1982, Syms' earnings rose from \$3.0 million to \$7.5 million. Sales have almost tripled in the last five years from \$57.4 million to \$147.2 million.



Sy Syms Merns and family should realize over \$60 million with stock sale.

New Maternity Line Delivers Support

Help is on the way for pregnant women. A new line of maternity leotards and undergarments, created by medical experts, has been designed to ease the discomforts of pregnancy.

The design concept centers around a support system for the back and uterus. A singlet undergarment with a cross shoulder strap in front and support panel inset in back has been introduced to maintain correct and comfortable posture, says Dr. Jack Klausen, who developed the garment along with his wife Glori, an obstetrical nurse practitioner.

They have also developed leotards, in various stripes and solid combinations, which provide the same pel-

vic and breast support as the undergarment. Support tights and briefs complete the line, which is made from fabrics containing Lycra® spandex.

Initial tests on hundreds of obstetrical patients have proved the apparel to be supportive and comfortable, says Dr. Klausen.

The singlet undergarment retails for about \$31; the leotards from \$40 to \$50, depending on style. The apparel

is being manufactured and distributed for Glori-us Ltd.

(the firm formed by the Klausens), by Elite Sportswear.



ILLUSTRATION BY SUSAN HALL

New public offerings let stores down in '83

By MONICA ROMAN

NEW YORK (FNS) — Nearly all of the initial public offerings in 1983 for retailers received a warm reception, but the new issues did not escape the chill that swept over retail stocks at the end of the year.

Of the nine retailers that joined the stock market last year, four advanced, four declined and one remained unchanged. The eight stocks that began trading over the counter skidded an aggregate of 10.1 percent for the year. Syms Corp., which is traded on the New York Stock Exchange, closed 1983 unchanged at 16.

Companies going public in the first eight months of 1983 were greeted more enthusiastically than those starting later, but they suffered corrections some of the latecomers avoided.

When Burlington Coat Factory began trading in June, its stock ran up almost 10 points on the first day to 37 3/4 from its initial public offering price of 28. It soon reached a high for 1983 of 41.

By yearend, however, Burlington Coat had fallen to 22 3/4, down 15 from the close on the first day of trading.

Burlington Coat's 39.7 percent stock decline was the steepest made by any of the new issues. The company has not yet released its results for the year ended Oct. 31, which has made several portfolio managers nervous. On Tuesday, president Monroe Milstein said the company's auditors were reviewing sales figures for the current 1984 first quarter to insure yearend inventory accuracy.

"We are the only retailer in the industry whose fiscal year ends Oct. 31 and since so much business is done in the period after that, our accountants felt it was necessary to do this," Milstein said. "Late figures are not bad figures."

Nevertheless, Burlington Coat's stock performance reflects concern the Oct. 31 quarter "may produce a negative earnings surprise," said David C. Taylor of Prudential-Bache Securities.

Milstein said he expects to post a 65 percent

sales gain for the year ended Oct. 31 when the results are released in two weeks. At a Prudential-Bache seminar on "Rapid Unit-Growth Retailers" held Tuesday, Milstein said November and December same-store gains were held to about 5 percent because year-ago revenues include fur sales. Burlington Coat now leases out its fur departments, he said.

The company operated 42 stores at the end of fiscal 1983, compared with 30 stores a year earlier. Since many of the new units were opened late in the

FINANCIAL FOCUS

fourth quarter, their full impact will not be felt until the current fiscal year, Milstein said.

As of Tuesday, Burlington Coat had 51 stores open and plans to open 19 more before the end of fiscal 1984.

In the third quarter ended July 31, traditionally Burlington Coat's weakest period, the company reported net income of \$19,433 compared with a \$507,597 loss a year earlier. Sales nearly doubled to \$26,990,547 from \$14,223,401.

Two other off-price retailers saw their stocks drop in 1983. Clothes Time fell 1 to 10 and Dress Barn gave up 3 to 21 1/2.

Interest in retail equities had cooled considerably by the time CML Group made its offering in December. The company was only able to sell 1 million shares at \$13 each, instead of 2 million shares at between \$16 and \$18 apiece, as projected in the preliminary prospectus.

On the other hand, CML's stock fluctuated very little during the brief time it traded in 1983. It finished down 1/4 at 12 3/4.

The first of the retailers to go public during

the year finished 1983 ahead of the group. Deb Shops' 8.4 percent or 1 5/8 advance to 21 was the best percentage gain reported by any of the freshman issues.

Taylor of Prudential-Bache is predicting the Philadelphia-based retailer will earn \$1.60 a share in the fiscal year ending Jan. 31, up from \$1.07 last year.

"Deb Shops' strong management, a continued above-average expansion pace and the company's strong market-share position continue to bode well for longer-term prospects," Taylor said.

In the third quarter ended Oct. 31, Deb Shops' earnings jumped 37 percent to \$1,613,543, or 32 cents, while revenues climbed 27 percent to \$21,420,827.

Analysts attributed Deb Shops' ability to compete successfully with Petrie Stores, Charming Shoppes and other women's specialty retailers in its markets to solid management. Deb Shops came out first in Paine Webber's study of 44 apparel stores' financial performance in fiscal 1982, the last full year for which figures are available.

Parisian, the Alabama fashion specialty retailer, was just a fraction away from tying Deb Shops for first place. It rose 1 1/4 to 16 1/4, or 8.3 percent for the year. The nine-unit chain reported net income climbed 31.8 percent in the third quarter ended Oct. 31 to \$1,383,234, or 24 cents, while revenues moved ahead 14.7 percent to \$34,474,185.

Other stocks turning in positive performance for 1983 include the off-price men's wear chain, S&K Famous Brands, up 3/8 to 10, and Merry-Go-Round, which added 3/4, or 3.6 percent, for 21 1/2.

Merry-Go-Round recently began advertising on MTV, the cable music video station whose viewers share the same demographics as the retailer's target market. Taylor is projecting Merry-Go-Round, which also operates DJ's-Fashion Center for Men and Ship 'N Shore Showcase units, will earn \$1.45 a share for fiscal 1984, up from 88 cents for the year ended Jan. 31, 1983. He recently raised his fiscal 1985 estimate to \$1.85 a share from \$1.70.

Off-Price Retailers Growing Fast

Continued From First Business Page

using this premise, Syms — a name that comes from the combination of Sy Merns' first name and the first and last letters of his surname — has built an 11-apparel store chain with net income of \$7.5 million on sales of \$147.2 million in 1982. With stores from Fort Lauderdale, Fla., to Peabody, Mass., Syms plans to open three more by the end of 1984.

Volume Is Essence of Business

The essence of the off-price business is volume, but its health depends on supply. Some manufacturers still call "off-price" retailers undertakers, because of their relationship with manufacturers. When the economy slips into a recession, manufacturers look to off-price retailers to keep their factories running.

Manufacturers routinely work ahead by 18 months. If such a manufacturer has over-ordered fabric and then the orders do not come in, he may be faced with the problem of too much fabric. He can sell it to a jobber for 20 percent of its cost. Or, he can sell it to an off-price discounter for the full price.

The condition of such a sale usually involves the manufacturer making goods at cost for the off-price retailer. This keeps the factory open and the employees working. The off-price merchandiser, as a consequence, gets his goods at a much lower price than if he had made an order in advance.

Move Toward Diversification

Sy Syms, who has worked with manufacturers for 20 years, is counting on their loyalty during the current retailing upturn. But the 57-year-old executive is also hedging his bets; should the popularity of off-price merchandising fade.

In 1980, Mr. Syms bought A. Sulka & Company, a 90-year-old London haberdashery, which sells \$2,500 silk-lined cashmere dressing gowns and other luxury clothing. This high-margin, high-overhead business contrasts sharply to the Syms image, but provides the company an escape route. These are not businesses that will merge, the company said.

For the owners of Dress Barn, Burlington Coat Factory and Syms, the overriding advantage of taking their companies public was that it meant no change in company control. Company president, Elliott S. Jaffe, and his family retained 47.5 percent of the Dress Barn. Monroe G. Milstein and his family still own 65.22 percent of the Burlington Coat Factory. And, Mr. Syms kept 82.3 percent of his company and most of the money from the public sale of stock.

Stock Prices Are Flat

In each case, movements in the prices of the stock have been relatively flat. The Dress Barn opened at \$23 a share on the over-the-counter market in May, and its bid price yesterday was the same. Burlington Coat opened in June at \$28 a share, went as high as \$41, and reached its low of \$26

dent.

Mr. Syms has an older brother named George Merns, who has a chain of conventional discount clothing stores under the Merns name. Mr. Syms joined his brother in the 1950's, but broke away in 1959 to start his own stores under the Syms name.

George Merns has no corporate involvement in Syms.

Because the company is required by the Securities and Exchange Commission to refrain from public comment for 90-days following the offering, none of the Merns family could grant interviews.

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Such stock offerings are common among entrepreneurial companies in which the founders or their families want to raise money without losing corporate control. The owners sell only a portion of the stock they own to the public. Sometimes the money goes toward expansion; in other cases, when the founder sells his own holdings, the proceeds go to him.

In the Syms Corporation offering, the \$44 million in proceeds went to Mr. Syms, who still owns 56.9 percent of the shares outright and controls another 25.1 percent as the sole voting trustee of a trust established for his branch of the Merns family.

Mr. Syms runs his operation almost single-handedly. Last year he paid himself \$575,000 as chairman and chief executive officer, \$226,619 as head of the Syms Advertising Agency and the corporate Mr. Syms paid the private Mr. Syms \$645,259 for a store lease.

Total Control of Board

Even though the company is public, Mr. Syms is able to personally elect all of the directors of the company and to approve all corporate transactions without minority shareholder approval.

The Syms Corporation, which was incorporated in New Jersey on July 11, 1983, has three subsidiaries: the off-price chains called Syms Inc., five high-priced A. Sulka & Company stores and Syms Advertising. The advertising company, which produces ads written by Mr. Syms featuring the executive, his daughter Marcy and his son Robert. The Syms slogan is: "An educated consumer is our best customer."

Four of Mr. Syms' six children work for the company. Three of his sons are vice presidents and his 32-year-old daughter, Marcy Syms Merns, is the \$45,000-a-year presi-

Off-Price Retailers Growing Fast

Continued From First Business Page

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George Merns has no corporate involvement in Syms.

Because the company is required by the Securities and Exchange Commission to refrain from public comment for 90 days following the offering, none of the Merns family could grant interviews.

Business Day

The New York Times

Off-Price Retailers Go Public

Moves Reflect Fast Growth

By PAMELA G. HOLLIE

For at least three well-known off-price clothing merchandisers, the time was right for taking their family-owned businesses public over the last six months. But that window on Wall Street may be closing, analysts say, as the retailing industry moves into a recovery.

Last May the 66-unit Dress Barn went public, raising \$17 million for the Jaffe family. In June, the 31-unit Burlington Coat Factory Warehouse Corporation went public, rising \$66 million for the Milstein family. And a month ago, in a leap from garment district obscurity to publicly owned company, Sy Syms Merns sold about three million newly issued shares of stock in the Syms Corporation, making himself about \$44 million.

It is not merely a coincidence that Syms and other family companies chose this particular time to cash in. According to the National Retailing Merchants Association, the off-price business is "hurtling toward maturity at a record pace."

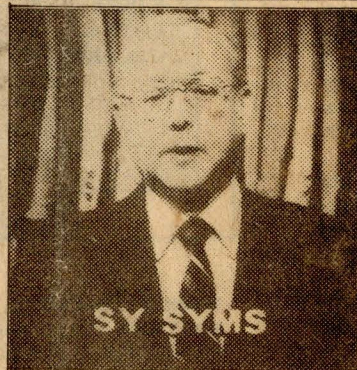
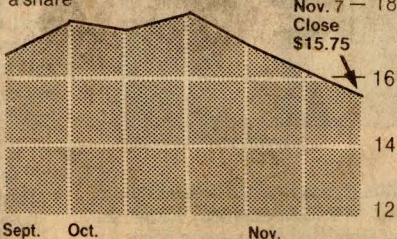
Fastest Growing Segment

Already accounting for about 6 percent of the clothing sold in the United States, it is growing faster than any other segment of the retailing business, according to Walter Loeb, an analyst at Morgan Stanley. Over the next five years, he estimates, the industry will grow by about 15 percent a year. By the end of the decade, off-price merchandising is expected to triple, to \$20 billion.

Syms, with an estimated \$185 million in sales for 1983, is a mid-sized off-price company. One of the largest, the 75-store Marshalls chain, which is owned by the Melville Corporation, has 1983 estimated sales, for example, of \$1.1 billion. Other giants are Mervyn's, a division of the Dayton-Hudson Corporation, with 83 off-price stores, and the Zayre Corporation's two off-price chains, T. J. Maxx and Hit or Miss. Scores of new off-price retailers — some of them extensions of the garment manufacturers — have also gotten into the business.

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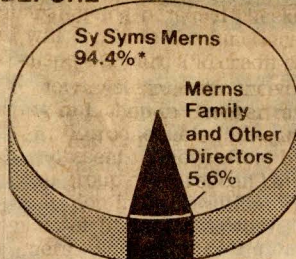
Weekly N.Y.S.E. close in dollars a share



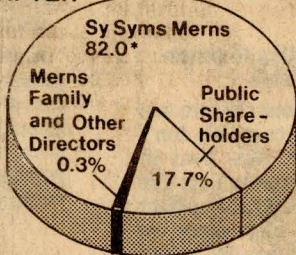
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Percentage of Syms Corporation common stock owned before and after public offering

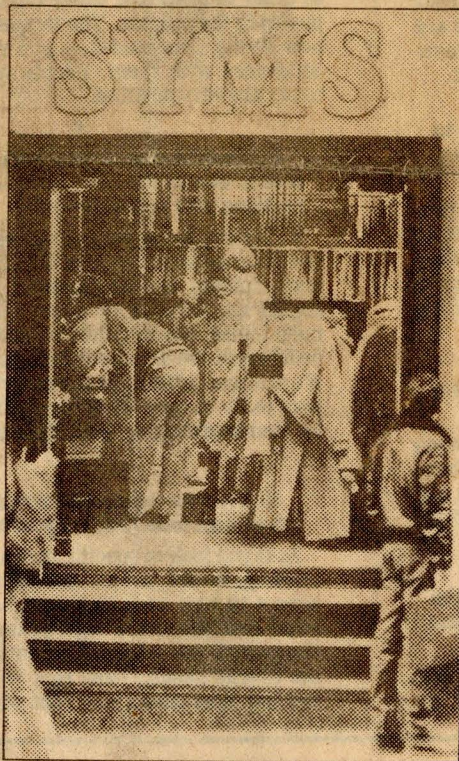
BEFORE



AFTER



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The New York Times / William E. Sauro

The entrance to one of Syms Corporation's off-price stores on Park Place in Manhattan. Top, Sy Syms Merns, founder and chairman, in television ad.

In addition, regular retailers are beginning to join the low-price trend for competitive reasons. According to Stanley Marcus, a marketing consultant and chairman emeritus of the stylishly high-priced Neiman-Marcus department stores, "customers will not buy in stores that make fools of them by selling the same articles for \$50 or \$60 more."

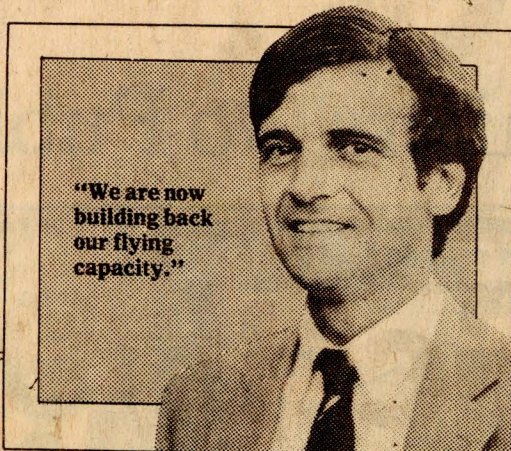
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Price brings in the customers. And

Continued on Page D9

Business | with Lorenzo of Continental Air



United Press International

national organization, has made it plain that they don't want an agreement with Continental. Their whole thrust is in protecting \$100,000-a-year jobs at other airlines and using Continental pilots as pawns in the process. The former A.L.P.A. pilots now flying Continental — you will not find any bitterness with them. People who are working today are very positive.

Q. Many of your flights were disrupted last month due to the pilot strike. How are you meeting your schedules now?

A. During the early period there were a number of cancellations due to the strike. Since Oct. 8 that problem has disappeared. We have had a significant number of pilots that have crossed picket lines. The schedule reliability has been excellent and crew cancellations have disappeared. We are now building back our flying capacity. We plan to fly 50 percent of our available seat miles by Thanksgiving, up from 36 percent.

Q. Are your operations beginning to generate enough cash to cover your costs?

A. If you look at specific operations that we are running, we are, in fact, not losing cash. We don't expect to lose cash in November. Now bear in mind that there are significant assets that the company is not using yet, so naturally they affect the overall result. Take rent in a city where we are not operating, that rent still has to be in the

profit and loss statement.

Q. So your cash flow is not covering the total cost of the airline?

A. Over the short term that is correct, but unlike previous periods, the cash loss during this rebuilding process is very manageable.

Q. Some of your creditors have said they will be tough and try to seize assets.

A. No, that's not likely. We've had discussions with all of our creditors. Talks are in progress with those who have the right to gain access to aircraft. There has been agreement with those creditors to accommodate the airline's needs. We have also gone to court to win approval an agreement with a group of those creditors.

Q. Until last week the airline did not give refunds on unused tickets issued before the bankruptcy filing. Didn't this inconvenience customers?

A. Because of the court proceedings, Continental cannot issue cash refunds for those tickets, but we have asked the court's approval of a travel credit program to provide our passengers with certificates worth, in most cases, two trips in lieu of the original trip purchased. We expect court approval this week.

Q. Will the vote by Australia's airline employees to deny support service be a major problem for Continental?

A. At this time, we expect our daily flight to Sydney to operate normally. We are pursuing legal actions, as well as working on other ground-handling arrangements in Australia.

Q. There have been calls that some of the deregulation of airlines should be modified to aid weaker carriers. What do you think?

A. No one ever predicted that deregulation was going to go forward without some pain. The process of adjustment is painful for Continental and its employees. But the end result, we strongly believe, will be a transportation structure that is guided by the marketplace providing the customer with tremendous value.

Agis Salpukas

Resume Work on Deficit Cuts

Senator Bob Dole, the Republican from Kansas and the chairman of the Finance Committee, said he hoped to begin working formally on a package in a day or two.

"Tuesday or Wednesday looks like a better day," he said during a break. "There will be fewer people to contend with; they will all be on an airplane." He was referring to President Reagan's apparent opposition to any tax bill and the President's departure

for Japan Tuesday.

Since the beginning of last week, Mr. Dole has been working with the assent of the Republican leadership and the interest of the Democrats to try to assemble a \$150 billion package of tax increases and spending reductions over three years that could be supported in the Senate.

The proposed package breaks down as \$75 billion in additional tax revenues and \$75 billion from reduced

spending. So far Mr. Dole has not found a package that Democrats and Republicans can agree on and his proposals, particularly for immediate specific tax increases and the reduction in Social Security cost of living increases, have been opposed by the White House.

Helicopter Exemption

Separately, the committee discussed, and is expected to approve later this week, a series of tax breaks

BEAR STEARNS

THOUGHT YOU WOULD BE INTERESTED

TO: Sy Syms

FROM: Gerry Goldstein

DATE: 11/8/83



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Carl A. Bafaro

Regards to all.

Carl

Rothschild Inc.

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Moves Reflect Fast Growth

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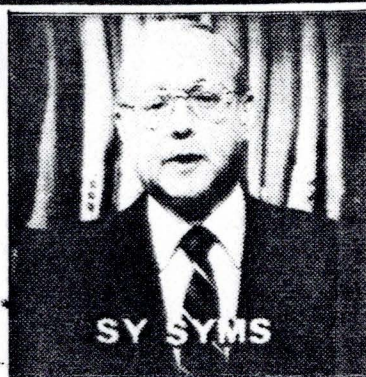
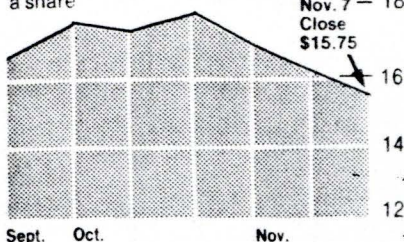
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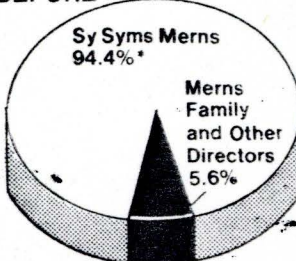
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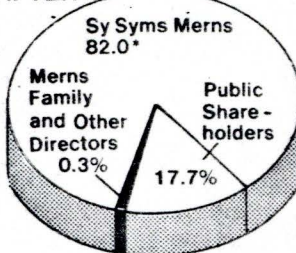
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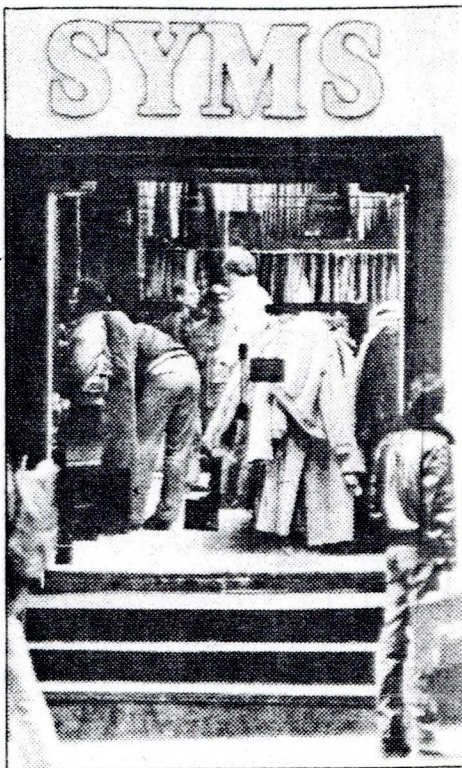
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The New York Times / William E. Sauro

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Continued on Page D9

using this premise, Syms — a name that comes from the combination of Sy Merns' first name and the first and last letters of his surname — has built an 11-apparel store chain with net income of \$7.5 million on sales of \$147.2 million in 1982. With stores from Fort Lauderdale, Fla., to Peabody, Mass., Syms plans to open three more by the end of 1984.

Volume Is Essence of Business

The essence of the off-price business is volume, but its health depends on supply. Some manufacturers still call "off-price" retailers undertakers, because of their relationship with manufacturers. When the economy slips into a recession, manufacturers look to off-price retailers to keep their factories running.

Manufacturers routinely work ahead by 18 months. If such a manufacturer has over-ordered fabric and then the orders do not come in, he may be faced with the problem of too much fabric. He can sell it to a jobber for 20 percent of its cost. Or, he can sell it to an off-price discounter for the full price.

The condition of such a sale usually involves the manufacturer making goods at cost for the off-price retailer.

This keeps the factory open and the employees working. The off-price merchandiser, as a consequence, gets his goods at a much lower price than if he had made an order in advance.

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N4 Times
11/8/83

Men's Wear Sales Continue Strong in July, Rising 10%

DNR MARKET SURVEY

Boosted by a large dose of hot summer weather, the sales strength of men's wear continued into July, with stores posting gains averaging just under 10 per cent.

Most retailers didn't have figures available for the first half of the retail fiscal year, which for many ended last weekend, but they said they expected the strong sales posted in June and July to help them make their first-half projections.

While the pickup in business enabled a number of merchants to reduce the over-all level of promotions in men's wear, several said they were still resorting to promotions to stimulate business. At least one retailer said he was promoting more, and several said they held the line compared with year-ago levels.

Leading sellers for July included hot weather items, such as shorts, knit shirts, swimwear, other activewear and casual slacks.

The clothing business was fairly strong, with sport coats and dress slacks leading the action.

Retailers were mixed in their reviews of the availability of summer reorders, but the overall feeling was that merchandise wasn't as readily available as it was in recent years.

One Northeastern specialty retailer, Seymour Segal, president of the 12-unit Jonathan Reid, Ltd., chain of stores, said, "My phone wasn't ringing off the hook like it used to. I could have used a little more merchandise." Others expressed similar sentiments.

In light of their strong sales and resultant lean inventories, some retailers pushed up delivery of fall merchandise. Early fall sellers included outerwear, sport coats, men's and young men's casual slacks and fancy argyle sweaters.

In the Northeast, the hot weather during July boosted

sales of sportswear, particularly lightweight, active-oriented items.

This was also true in the Midwest, where summer clearance clothing sales also boosted results.

[FOR IN-DEPTH REPORTS, SEE PAGE 8.]

Witt Group Acquires Boyd's From Cluett

BY ARNOLD KARR

NEW YORK — Cluett, Peabody & Co. has sold Boyd's, St. Louis, the last of its specialty store operations, to a group of investors headed by Robert Witt, who is chairman and chief executive of the eight-unit retail group. Financial terms weren't disclosed.

Witt had been reported to be the most likely one to acquire Boyd's since Cluett announced in June that it was negotiating to sell the stores.

Witt had been president of Cluett's now defunct retail stores division since 1979 and had been president of Lytton's in Chicago prior to its divestiture by Cluett in February. The sale of Boyd's, the last of what was in the mid-1970s a 60-store, \$100 million-a-year specialty retailing group, led Cluett to discontinue its retail stores division.

Witt said no changes in the management or operations of Boyd's were expected. William

Brennan continues as president of the stores and, as he did during the stores' days as a Cluett operation, reports to Witt.

Witt told DNR that he was the principal investor in Boyd's and that several minority shareholders were also involved in the acquisition.

Founded in 1876, the store was owned by the Boyd family until Cluett acquired it in 1961. Witt and his investment group are only the third parties to own the store in its 107 years in business.

Boyd's flagship store is at Sixth and Olive streets, St. Louis. There are two branches in suburban Clayton, Mo., and one each in the Crestwood, Northwest Plaza, West County and Jamestown Mall shopping centers, all in Missouri, and one in the St. Clair Square center in Fairview Heights, Ill. There is also a downtown St. Louis subway store, which is used to liquidate end-of-season inventory.

Witt said that the stores' volume, previously estimated to be about \$30 million, is about 63 per cent men's wear and 37 per cent women's wear. Men's sport-

See WITT, Page 15

CLARIFICATION

NEW YORK — American Enka Co. has raised prices of nylon weaving yarns for the home furnishings and narrow fabric trades by 6 to 9 per cent, effective with September shipments. These increases are in addition to similar hikes on nylon tricot yarns, as reported in DNR last week.

Sy Syms Going Public; To Sell 17.7% of Stock

NEW YORK (FNS) — Sy Syms, who has spent years wooing the educated consumer, now wants to educate shareholders.

Syms Corp. has filed a registration statement with the Securities and Exchange Commission allowing Sy Syms Merns, chief executive, and members of his family to sell 3,125,000 common shares, or 17.7 per cent of the outstanding common shares. The family will still own 82.3 per cent of Syms after the sale.

If the offering, which is being managed by Rothschild, Inc. and Bear, Stearns & Co., is over-subscribed, Merns will sell an additional 312,500 shares, bringing the total number of shares that may be sold to 3,437,500, or 19.5 per cent of Syms.

The shares are expected to be offered for around \$19 each in September, netting the Merns family total of \$65,312,500.

Syms Corp consists of three subsidiaries — Syms Inc., the 11-unit off-price chain, Syms Advertising, Inc., and the recently acquired

See SY, Page 15

TODAY: ON THE RECORD



When Jett's (a new restaurant) in Dallas, Texas, opened last weekend even the Texas Rangers cheered. For more on food for Texas see BTL, Page 4.

MANCOX HERE: Nothing new? It's a copout: — Back Page

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Syms' NJ chain may enter fur business in the fall

NEW YORK — Syms, the 11-unit, New Jersey-based off-price store, is about to enter the fur business by adding fur departments to several of its units beginning this season, according to market sources here. Joseph Model Associates, Inc., a major New York resident buying office, has been named to the account, the sources said.

Bennett Model, president of Joseph Model, declined to comment on the report, and Sy Syms, head of the Syms chain, was out of the country Wednesday and could not be reached. Other Syms officials did not return phone calls.

As reported Tuesday, Burlington Coat Factory, another discounter, has named a newly formed company, Bentley Fur Corp., to operate fur departments in all its stores, and in July, Cohoes Manufacturing Co., the Cohoes, N.Y.-based discounter, said it had named Evans, Inc., to lease its fur departments starting this fall.

NYSE/Aug. 31, 1983 Selected Stocks

Stk. Div.	*Sales Last Ch'ge	Stk. Div.	*Sales Last Ch'ge
AMF .50	174 15%	IntTT 2.76	3759 42%+ 1/2
AMR Cp	5115 31 +1%	IrvBk 3.52	135 47 1/2 - 3/8
AetnLf 2.64	1706 35%	JohnJn 1.10	3565 41 1/8 + 1/4
Aican .90	2126 33%+ 1 1/2	K mart 1.08	2273 34 3/8 + 3/8
Alexdr .20	38 16 1/2 + 1/2	LTV .25	1181 15 1/2 - 1/8
AlidCp 2.40	3835 53%+ 2 1/2	Lehmnn 1.96	90 16 1/4 - 1/8
AlidStr 1.80	1290 48 + 1/4	Levitz 1.56	182 35 1/2 - 1/8
Alcoa 1.20	7860 47 1/4 + 2 1/2	Litton 1.80	1611 57 1/4 + 1 1/2
AmHes 1.10	3614 33 1/4 + 3/4	Lockhd 1.80	1525 108 - 3/4
ABrand 3.60	842 50 - 1/2	Lckhd wi	36 36 1/4
ABdcl 1.60	1594 53%+ 2 1/2	Loews 1.20	253 46 1/4
AmCan 2.90	1022 40%+ 3/4	LILCO 2.02	1481 15 1/4 + 1/8
ACyan 1.75	2361 55%+ 1 1/2	MCA 1.88	3549 34 1/2 - 1/8
AEIPW 2.26	2607 17 1/2 + 1/8	MGMGr .44	149 12 1/2 + 1/8
AEPS 1.28	3488 42 1/2 + 7/8	Macy 1.50	714 49 1/2 - 1/8
AHome 2.40	1465 45%+ 1/2	MdsFd 2e	91 17 1/2 - 1/8
AmvMot	1815 2 1/4 + 1/4	MirHan 3.04	413 39 1/2 - 1/8
ATT 5.40a	6515 65 1/2 + 3/8	vjManvl	962 12 1/4 - 1/8
Armco .40	678 19 1/4 + 1/8	MarMid 1.40	49 23 1/2 - 1/8
ArmWin 1.10	174 27 + 1 1/4	MarkC .32	36 15 1/2 - 3/8
Asarco .40	245 40 1/4 + 1/8	McDnl 1	1460 60 1/2 + 7/8
AtRich 2.20	3482 67 1/2 - 1/8	McDnD 1.42	1205 48 1/4 + 3/8
AvcoCp 1.20	367 29 1/2 - 1/4	Mennco 2.80	794 96 1/2 - 1/8
Avon .2	2134 27 1/2 + 1 1/2	MerLys .80	3636 43 + 1
BallyMf 2.00	1804 22%+ 1 1/2	MMM 3.30	2363 78 1/2 + 1 1/2
BkAm 1.52	1645 22 + 1/4	Mobil .2	2642 32 1/2 + 3/8
BankTr 2.25	2487 72 1/2 - 1/4	Monsan 4.20	2784 111 1/4 + 2 1/2
BeatF 1.60	5494 28 1/2 - 1/8	Morgan 3.70	899 70 1/2 - 1/8
BectnD 1.15	147 40%+ 1	Motrola 1.60	2269 130 1/4 + 1 1/2
BelHws .50	667 25 1/4 + 1/4	NCR 2.60	1314 120%+ 2 1/2
BelHSt .60	1607 24 1/4 + 1 1/2	NabscB 2.28	896 38 1/2 + 1/2
BlackD .52	834 19 1/2 - 1/4	NatDist 2.20	90 26 1/2 - 1/8
Boeing 1.40	2158 37 1/2 + 1/2	NatGyp 1.56	115 30 + 1/8
BoiseC 1.90	64 37 1/4	NiaMP 1.92	329 16 1/4 + 1/8
Borden 2.44	399 55%+ 1 1/2	NorKSO 2.80	792 63 + 3/8
BorgWa 1.52	519 47 1/2 + 1 1/2	NwstAir .80	3211 39 1/2 + 7/8
BristlM 1.20	1533 37 1/2 - 1/8	NwSim 1.08	105 30 1/4 - 1/4
BritP 1.55e	8 30 1/2 - 1/8	OcciPet 2.50	1126 25 1/2 - 1/8
BkUG 2.90	62 30 1/2 - 3/8	Olin 1.20	139 30 1/2 + 1/8
Bnswk .1	355 39 - 1/4	OwenC 1.20	527 34 1/2 + 1/8
Burlnd 1.52	933 41 1/4 + 1/2	OwenIll 1.68	1018 32 - 1/8
Burrgh 2.60	1598 53 1/4 + 1 1/2	PainWbs .60	385 43 1/2 + 1 1/4
BS 2.80	478 67 1/2 + 3/8	PanAm	9693 7%+ 1/4
CPC Int 2.20	170 37 1/2 + 1/8	Penney 2.16	1449 55%+ 1 1/4
CSX 3.12	333 69 + 7/8	Pennzl 2.20	578 45 3/4 - 3/8
CdPac 9 1.40	61 36 1/2 + 3/8	PepsiCo 1.62	952 34 1/4 + 1/8
CafrPT 1.50	1747 39 1/4 + 3/8	Pfizer 1.16	2186 38 1/4 + 1/2
Celanese 4	1331 47 1/2 + 1/2	PhilMr 2.90	1759 62 1/2 + 1/2
ChmPin 40	1146 23 1/2 - 7/8	PhilPet 2.20	1502 37 1/4 + 1/2
Chase 3.50	432 47 1/2 - 1/8	Polaroid 1	854 26 1/2 - 1/8
ChmNY 3.24	1645 47 1/2 - 3/8	ProctG 52.40	2428 53 1/2 - 1/8
ChesPn 1.84	443 37 1/2 - 1/8	PSVEG 2.64	x1427 22 1/2 - 1/8
ChkFull .50	51 19 1/4 - 1/4	RCA .90	5087 29 + 1 1/2
CiHicr 1.88	4203 36 1/2 + 1 1/2	Raythn 1.40	360 47 1/4 + 1/4
CityInv 1.80	312 33 1/2 + 3/4	RepStl .50	67 24 - 1/8
ClueHP .92	214 27 1/2 + 1/4	Revlon 1.80	1247 47 1/2 + 1/4
CocaCI 2.68	1950 51 1/2 + 3/8	ReynIn .3	2041 55 1/2 + 1/2
ColPal 1.28	1640 21 1/2 + 1/8	ReyMtl 1	3719 40 + 2 1/2
ColGas 3.02	684 30	Rckwls .88	1722 27 1/2 + 1/2
CmbEn 1.84	1269 33 1/2 + 7/8	RoyID 2.84e	1578 47 1/2 - 1/8
CmsatS 1.20	244 37 1/4 + 3/8	Safway 1.40	523 24 1/2 + 3/8
ConsEd 1.88	2018 21 1/2 - 1/8	SRegis 1.12	515 31 1/4 + 3/4
ClData .60	1116 55 1/2 + 1/2	SFeind 1	1607 29 1/4 + 3/4
CornG 2.32	147 72 1/2	SchrPlo 1.68	858 42 1/4 + 1/8
CurtW 1.20	22 47 1/2 + 3/8	Schimb 1.04	5263 57 1/2 - 1/8
DartKr 3.84	431 68 1/4 + 1 1/2	ShellO 1.80	928 46 - 1/8
DeltaAr .60	4995 33 1/2 + 2 1/4	Singer .10e	1676 24 1/4 - 7/8
Deltona .20	20 1 1/2 + 1/8	SonyCp .16e	1437 13 1/2 - 1/8
Disney 1.20	1397 58 1/2 + 1 1/2	SouthCo 1.70	1566 15 1/2 - 1/8
DowCh 1.80	6944 43 1/2 + 1 1/2	SouPcs 1.50	1114 40 1/2 + 3/4
duPont 2.40	5359 52 1/2 + 3/4	Sperry 1.92	5845 45 1/2 + 3/8
EastAir .40	3746 7 + 1/8	Squibb 1.34	501 46 1/4 + 3/8
EsKod 3a	4674 66 1/2 + 7/8	StOICI 2.40	2756 36 1/2 - 1/8
El Paso .48	3849 23 1/4 - 1/8	StOnd 2.80	1389 51 1/2 - 1/2
EsmerK 51.84	101 67 1/4 - 1/8	StOOH 2.60	1958 57 1/2 + 7/8
Exxon 3.20	5310 38 + 1/4	StaufCh 1.40	769 30 + 1/4
FMC 1.80	451 43 1/4 + 1	SterIdg 1.12	417 25 1/2 - 1/8
Fairchd .80	267 20 1/2 + 3/8	StevnJ 1.20	1252 20 1/2 - 1/8
FedNM .16	1025 22 1/4 - 1/8	Syntex 1.40	1331 52 1/2 + 1 1/2
FedDSI 2.20	805 55 1/2 + 1/2	Tenoco 2.72	708 39 1/2 - 3/8
Firesin .60	563 19 1/2	Texaco 3	4454 37 1/2 - 1/8
FlaPrg 1.92	258 18 1/2	TexEst 4.10	153 61 - 7/8
FordM .30e	3808 57 + 2 1/4	TexInst 2	827 116 1/4 + 2 1/2
GTE 3	1380 42 1/4 + 1/4	Textron 1.80	196 32 1/2 - 1/8
GenDyn 1	1696 47 1/2 + 1 1/2	Trans 1.50	1978 25 1/2 + 1/2
GenElS 1.90	7653 51 1/2 + 1 1/4	Tricon 2.53e	200 26 + 1/8
GnFds 2.40	1997 44 1/4 + 7/8	UAL	2812 31 1/2 + 1 1/2
GnInst .50	2208 38 1/2 + 3/4	UnCarb 3.40	2529 70 1/2 + 1 1/2
GmOt 2.40e	9995 70 1/4 + 1 1/4	UnPac 1.80	x1457 56 1/2 + 1
Gtire 1.50b	777 39 1/2 + 3/8	Unroy 1	1923 14 1/2 + 1/2
GuPac .60	2849 23 1/2 + 3/8	UnBrnd	324 17 1/2 + 1/2
Getty 2.60e	992 69 + 1/4	UsairG .12	85 45 1/2 - 1/8
Gillette 2.30	337 43 - 1/4	USGVPS 2.40	9073 27 1/4 + 3/8
Gdrich 1.56	1426 36 1/2 + 2 1/2	UnTech 2.60	1358 68 + 1 1/2
Goodry 1.40	191 30 1/2 + 7/8	Unocal 1	1771 32 1/2 - 1/8
Grace 2.80	141 44 1/2 + 1/2	UnCm 1	2111 21 1/2 + 1/4
GrATPc	141 12 1/2 - 1/8	Warnrl 1.40	3617 29 1/2 + 1 1/2
Grevh 1.20	524 21 1/2 - 1/8	WUnion 1.40	891 37 1/4 + 3/4
Grums .90	598 26 1/2 + 3/8	WestE 1.80	1917 45 1/2 + 2 1/4
GulfO 2.80	1596 41 1/2 - 3/8	WolwIn 1.80	2746 35 1/2 + 1/2
HmsHk .20	727 36 1/4 - 3/8	Xerox 3	1666 44 1/4 + 1/4
HonWll 3.60	1025 120 1/2 + 1 1/2	ZenithR	856 32 1/2
IU INCO 1.15b	2581 29		
INCO .20	3743 16 1/2 + 1/4		
IBFA 3.80	6033 11 1/2 + 2 1/2		
IntHary	1152 9 1/2 + 3/8		
IntPrpr 2.40	644 54 - 1/4		

AMEX

Stk. Div.	*Sales Last Ch'ge	Stk. Div.	*Sales Last Ch'ge
Asamr g .40	71 36 1/2 - 1 1/2	GenyDr .28b	10 21 1/2 + 1/4
Asamr wi	74 12 1/4 - 3/8	GNY 1g	78 23 1/2 + 1/2
Brasnc 61	16 29 1/2 - 1/8	GlCd g .44	19 15 1/4 + 1/2
BrFB .88	101 29 1/2	MCO Hd	20 15 1/4 - 1/4
ChmpH	912 5 1/2 + 1/2	Resrt A	208 43 1/2 - 1
DomeP	3077 4 1/2 + 1/4	ScurR S	5 16 1/2 + 1/4
EDO S .28	484 24 1/2 + 3/4	Solltron	36 9 + 1/4
FrontHd .20b	105 15 + 3/8	TrnsLx .10	2 15 1/2 + 1/8

*In 100s-Ex-dividend
 FOOTNOTES: u—Indicates a new 52-week high. d—Indicates a new 52-week low. e—split or stock dividend of 25% or more in the past 52 weeks. Dividend begins with the date of split or stock dividend. n—new issue in the past 52 weeks. g—dividend or earnings in Canadian money; stock trades in U.S. dollars. e—also extra or extras. b—annual rate plus stock dividend. c—liquidating dividend. e—declared or paid in preceding 12 months. t—declared or paid after stock dividend or split up. j—paid this year, dividend omitted, deferred or no action taken at last dividend meeting. k—declared or paid this year, an accumulative issue with dividends in arrears. r—declared or paid in preceding 12 months plus stock dividend. t—paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. Sales in 100s. x—ex-dividend or ex-rights. y—ex-dividend and sales in full. z—sales in full. wd—when distributed. wt—when issued. ww—with warrants. xw—without warrants. vj—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.

THE MARKETS

Dow Jones	1,216.16	Up	20.12
Am Ex	230.14	Up	2.37
O.T.C.	292.42	Up	2.56
N.Y. Gold	\$414.40	Down	\$3.50
Krugerrand	\$427.50	Down	\$2.50
Silver	\$ 12.10	Down	\$0.06

MOST ACTIVE STOCKS

VOLUME	CLOSE	CHANGE
3,263,800	Diamond Sham	24 1/2 + 1 1/2
1,222,600	Natamos Co	28 1/2 + 2
1,048,000	Digital Equip	103 1/4 + 4 1/4
999,400	Genl Motors	70 1/2 + 1 1/2
963,200	Pan Amer	7 1/2 Unch
941,800	Chrysler	27 1/2 + 1 1/2
907,300	U S Steel	27 1/4 + 3/8
886,900	Natl Semicon	54 1/2 + 1
813,000	Confl Group	46 1/4 + 2 1/2
786,300	ALCOA	47 1/8 + 2 1/2



DAN DORFMAN'S COLUMN

Success suits Syms, but will it suit stockholders?

IF I EVER get a shot at a second life and my life's goal is making big money—not journalism—maybe I'll open a cut-rate men's clothing store.

And if it works, maybe I'll open more stores. Who knows? With a little luck, I could make myself about \$230 million.

If you're about to say the summer heat has gotten to me—don't. The fact is, this seeming fairy tale may very well become a reality—for someone else—later this month, when Syms Corp., a chain of 11 clothing stores primarily for men, is scheduled to go public.

Syms, through underwriters Bear Stearns & Co. and Rothschild, Inc., plans to sell 3,125,000 shares at from \$16 to \$19 a share. That will raise, before underwriting fees and other expenses, roughly \$50 million to \$59 million.

IF IT COMES to pass, it'll be an incredible bonanza for the company's chairman and chief executive, 57-year-old Sy Syms Merns.

All the stock is being sold by existing shareholders, none by the company itself. And Sy Syms (as he refers to himself in his steady onslaught of TV ads) will be selling the most—2,187,500 shares; that's about 70% of the offering.

Depending on the actual offering price, Syms will be the immediate beneficiary of \$35 million to \$41.5 million.

Now that may sound pretty good, but wait—that's just the opener.

After the offering, Syms will still own just over 10 million shares or 57% of the entire outstanding stock (17,650,000 shares). And so prolific money maker Syms will retain stock—again, depending on the offering price—worth \$160 million to \$190 million.

Thus, you're looking at a potential payday from the offering of \$231.5 million

BUT THAT'S in the future. For now to make ends meet, our man Syms, you'll be pleased to hear, also commands a decent salary—to be precise, \$954,824 last year, including benefits and bonus.

But hold on—that was by no means all the money he made from the company last year.

Thanks to a special leasing agreement he has involving one of the stores (in Elmsford, in Westchester),

Syms was able to extract an additional \$645,259 from his company—thus pulling down a grand total last year of just over \$1.6 million.

Under the leasing arrangement, Syms Corp. leases the Elmsford store from Syms. It pays him a rental and a percentage of the sales. Last year the rental was \$297,500; it was recently boosted to \$435,000.

Interestingly, the runnerup in remuneration at Syms Corp.—and a distant one at that—is Sy Syms' daughter, Marcy. She's president and she was paid \$100,000 last year.

With headquarters in Lyndhurst, N.J., the Syms chain, which also sells women's and children's apparel, sports a pretty good track record. But investors are being asked to pay a fancy price/earnings multiple—the kind usually accorded fast-growing technology companies—for the privilege of owning the stock.

Over the past five years, Syms' net income has grown at a compounded annual rate of 21%; sales in the same period have risen at a 27% annual rate.

IF YOU TAKE the latest 12-month earnings through last June 30, Syms, which is primarily located in the Northeast and opened its first store in New York in 1957, earned 52 cents a share on revenues of \$168 million.

That means—based on the projected \$16 to \$19 price range for its shares—that the chain will fetch a 31 multiple at the low end and a 37 multiple at the peak.

In contrast, three retailing biggies—Sears, K mart and Federated Department Stores—sell at from 10 to 12 times latest 12-month earnings.

A case could legitimately be made that the whole area of off-price retailing is growing rapidly and that the Syms chain—with its proven expertise and record of growth—is well situated to participate in the industry expansion.

HOWEVER, with growth comes rivals, and discounters in the apparel arena are springing up like crazy.

Then too, the new-issue market has taken a drubbing in recent months, raising the question of what kind of after-market the Syms

shares will experience.

Yet another unknown is the potential impact of the increasing and enormous pressure being brought to bear by conventional retailers—both in Congress and in the courts—to restrain the freedom of discounters to sell merchandise at below list price.

This has reached the extent—not new, but said to be growing in the apparel field—of manufacturers refusing to sell to discounters. And this could be especially detrimental

If it comes to pass, it'll be an incredible bonanza for chairman and CEO, Sy Syms.

to Syms.

One follower of the new-issue scene, Norm Fosback, editor of a monthly newsletter out of Fort Lauderdale (aptly called New Issues), rates Syms "a nice company—but overpriced."

HE BASES this on, among other things, the company's earnings growth prospects (good, but not great) and the current sloppy market environment. He notes that many new-issue deals are being done at lower multiple evaluations and they're of greater quality.

Moreover, Fosback reports that those rare offerings (like Syms) in which all the stock being sold is from existing holders are usually followed by relatively poor market performances.

As Fosback sees it, a \$10 to \$12 price range would be much more realistic for Syms. And that would still reflect, he says, a healthy 19 to 23 multiple.

Fosback also raises the question of why Sy Syms is selling such a large amount of his stock at the outset if he has such faith in the company's future.

Syms, I'm sorry to say, was unavailable. But maybe that's smart. With a potential payday of \$231.5 million just around the corner, why rock the boat?

Playboy spurned

Trenton (AP)—A New Jersey state appeals court yesterday rejected the pleas of Playboy Enterprises Inc. and its chairman, Hugh M. Hefner, for a New Jersey casino license. Playboy pledged to go to the New Jersey Supreme Court.

At stake is the ownership of the \$150 million Playboy Hotel & Casino in Atlantic City, a 500-room oceanfront property that opened in April 1981.

The state Casino Control Commission ruled in April 1982 that Hefner was ineligible to hold a casino license because of his role in a 1960 bribery case and because he supposedly knew about alleged illegal conduct at Playboy gaming halls

in Britain.

The split commission decision would have permitted Playboy to gain a license if Hefner had left the company, but Playboy and Hefner refused to part.

PLAYBOY OWNS the casino hotel jointly with the Elsinore Corp. of Las Vegas.

Recovery is fragile, prime's hike shows

By Patrick Boyle
Los Angeles Times News Service

Although yesterday's increase in the prime rate had been widely expected, the move by major U.S. banks reminded investors of their worries that the economic recovery is still fragile and could be sidetracked by higher interest rates.

The largest banks raised their prime corporate lending rate to 11 percent, from 10.5 percent, sending the stock market into a nose dive and the dollar to new highs against major foreign currencies.

● Auto, oil, drug, financial, and airline issues were major casualties on Wall Street. A-10

The Dow Jones industrial average plunged 20 points to its lowest level in four months, closing at 1,163.06.

Most experts say that with the exception of the prime rate, the general rise in interest rates that has occurred over the last three months is about over, although rates may move slightly higher before year's end. They are not expected to decline until early 1984.

Many economists believe that the banks will

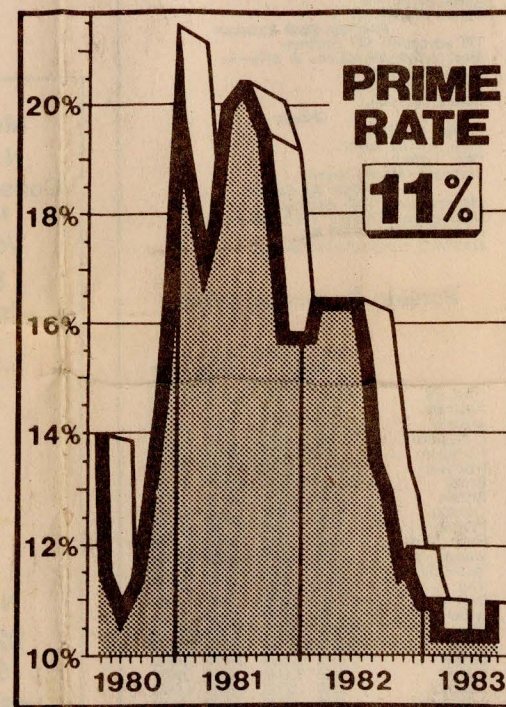
hike the prime again before the end of the month, probably to 11.5 percent, to bring the benchmark lending rate more closely in line with the banks' own cost of borrowing.

"I'd be very surprised if there's not one more increase," Lawrence Chimierne, senior economist at Chase Econometrics of Bala Cynwyd, Pa., said.

Steady for months

The prime rate had been at 10.5 percent since last February, despite several increases in other key interest rates over the past few months that normally would have led to an increase in the prime. Most analysts believe the banks have held off raising the prime to avoid a backlash in Congress, which had been debating an increase in U.S. funding of the International Monetary Fund. The IMF funding package, viewed by critics as a rescue for major banks with huge overseas loan commitments, was approved by the House last week. It had passed the Senate earlier and will go to a conference committee in September.

Yesterday's change was the first increase in the prime rate since February 1982 when the rate rose to 17 percent before falling gradually as the economy bottomed out.



UPI chart

Nonprime interest rates have risen about one percentage point since late May, the result both of efforts by the Federal Reserve Board to tighten the money supply and of massive U.S. Treasury borrowings to finance the federal deficit. Economists say the prime lending rate normally fluctuates about 1½ to 2 percentage points

See PRIME, Page A-12

Syms chain plans initial public offering

By Ron Stepneski
Business Writer

Sy Syms, who built a \$150-million clothing chain by using a motto appealing to "educated consumers," is looking for some presumably educated investors to contribute some \$65 million to his family trust.

The Lyndhurst-based Syms Corporation plans to sell its first 3.4 million shares of stock this fall at an estimated \$16 to \$19 per share. But the money won't be going to the 11-store off-price clothing chain or its high-priced subsidiary.

"The money will basically create a trust for members of the Syms family," said a spokesman for Rothschild Inc. in New York, the firm's investment banker.

He said the company has applied for listing on the New York Stock Exchange and expects federal Securities and Exchange Commission approval next month to start the sale. Only about 19.5 percent of the family's 17.6 million shares will be offered. The shares are now owned by Syms and his six children, four of whom are employees of the company.

Syms, 57, who was born Sy Merns, became famous over the past eight years by appearing in his own television and radio commercials explaining his company's program of regular markdowns until a garment is sold.

Home-grown commercials

The commercials also feature his daughter, Marcy, who is president of Syms Corporation, and son, Robert. Each one ends by adding that "an educated consumer is our best customer."

"My father writes the commercials with my sister, Marcy," said Robert, the company's 27-year-old corporate secretary and vice-president. "He came up with the slogan, and when we got into TV and radio, we felt the best people to give the message were ourselves."

Sy Syms founded the chain in New



Sy Syms

of its store in Paramus. Today, the company also has stores in Woodbridge as well as in New York, Florida, Massachusetts, Maryland, and Virginia. The family, which lives in New Jersey, moved the corporate headquarters to Lyndhurst two years ago, Robert Syms said.

The company also owns four high-priced men's clothing stores called Sulka in New York, Paris, and London, where a silk robe can cost up to \$2,500 and a handpainted tie as much as \$125.

Syms Corporation earned \$7.4 million, or 42 cents a share, on \$147 million in sales last year, compared with \$5.6 million, or 32 cents a share, on \$112.8 million in sales the previous year, according to the offering prospectus.

Syms characterizes itself as an off-price clothing merchant rather than a discounter since it does not buy clothing at normal wholesale prices and take a low markup, its investment banker said.

Instead, the company makes large-volume wholesale purchases at lower than average prices by paying promptly, then adds a very healthy markup, he said. As a result, its after-tax earnings represent a hearty 5 percent of its sales.

Chipwich studies acquisition bids

By Stephen Kent
Business Writer

Chipwich Inc., a Fort Lee-based maker of ice cream sandwiches, is entertaining a number of acquisition offers, the firm says.

Yesterday, Chipwich said it has hired an investment-banking firm, Morgan Grenfell Inc., to act as its financial adviser.

Chipwich, which has grown to a \$15-million business since it began selling its product off Manhattan pushcarts two years ago, has received about a dozen buy-out bids from larger companies in the past year, said Richard La Motta, chairman of the privately held concern. He wouldn't identify the suitors.

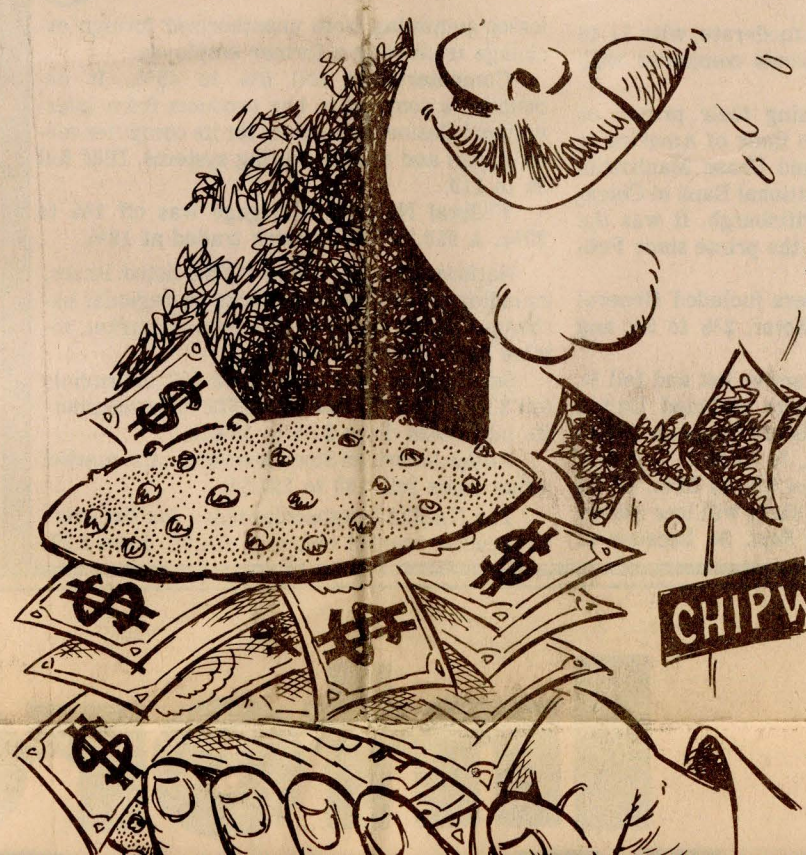
"Morgan Grenfell will help us wade through the inquiries and evaluate all the options," La Motta said.

ducts and franchised snack company will require considerable management and financial resources."

Marketing agreement with Keebler

The firm started selling its distinctive product, four ounces of ice cream sandwiched between chocolate-chip cookies, through New York street vendors in May 1981. It hit area supermarkets in January 1982. Retail prices are three for \$2.39 in markets, and \$1 apiece off the pushcarts.

Earlier this year, the firm signed a marketing agreement with Keebler Company to distribute Chipwich products in supermarkets nationwide. Five Chipwich products now are available to 70 percent of the U.S. population, La Motta said. Nine more products will be introduced later this year, he said.



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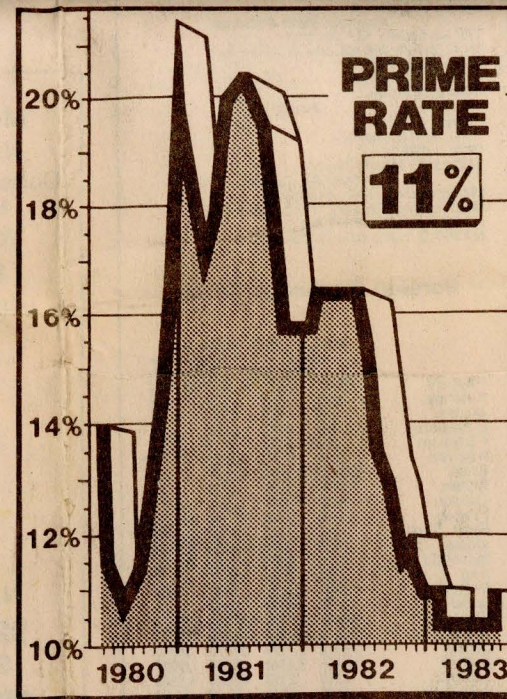
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"The money will basically create a trust for members of the Syms family," said a spokesman for Rothschild Inc. in New York, the firm's investment banker.

He said the company has applied for listing on the New York Stock Exchange and expects federal Securities and Exchange Commission approval next month to start the sale. Only about 19.5 percent of the family's 17.6 million shares will be offered. The shares are now owned by Syms and his six children, four of whom are employees of the company.

Syms, 57, who was born Sy Merns, became famous over the past eight years by appearing in his own television and radio commercials explaining his company's program of regular markdowns until a garment is sold.

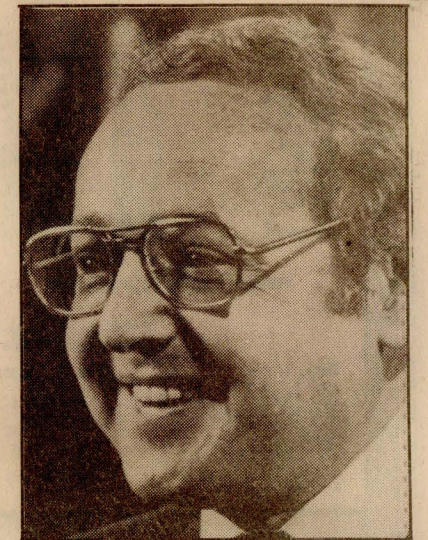
Home-grown commercials

The commercials also feature his daughter, Marcy, who is president of Syms Corporation, and son, Robert. Each one ends by adding that "an educated consumer is our best customer."

"My father writes the commercials with my sister, Marcy," said Robert, the company's 27-year-old corporate secretary and vice-president. "He came up with the slogan, and when we got into TV and radio, we felt the best people to give the message were ourselves."

Sy Syms founded the chain in New York City in 1959. He was born Sy Merns but chose the name Syms to prevent confusion with the unrelated Merns Mart discount clothing chain. Syms is composed of the founder's first name, Sy, with the addition of first and last letters of the name Merns.

In 1971, the company shifted its marketing focus from urban stores to suburban stores with the opening



Sy Syms

of its store in Paramus. Today, the company also has stores in Woodbridge as well as in New York, Florida, Massachusetts, Maryland, and Virginia. The family, which lives in New Jersey, moved the corporate headquarters to Lyndhurst two years ago, Robert Syms said.

The company also owns four high-priced men's clothing stores called Sulka in New York, Paris, and London, where a silk robe can cost up to \$2,500 and a handpainted tie as much as \$125.

Syms Corporation earned \$7.4 million, or 42 cents a share, on \$147 million in sales last year, compared with \$5.6 million, or 32 cents a share, on \$112.8 million in sales the previous year, according to the offering prospectus.

Syms characterizes itself as an off-price clothing merchant rather than a discounter since it does not buy clothing at normal wholesale prices and take a low markup, its investment banker said.

Instead, the company makes large-volume wholesale purchases at lower than average prices by paying promptly, then adds a very healthy markup, he said. As a result, its after-tax earnings represent a hearty 5 percent of its sales.

The stock prospectus gives a hint of the company's plans. By the end of next year, it intends to open three new stores and expand three stores. The Paramus store would increase by 38,000 square feet from its current 28,000 square feet, under this plan. Syms Corporation also intends to add several new lines of merchandise, including haute couture items and furs.

Chipwich studies acquisition bids

By Stephen Kent
Business Writer

Chipwich Inc., a Fort Lee-based maker of ice cream sandwiches, is entertaining a number of acquisition offers, the firm says.

Yesterday, Chipwich said it has hired an investment-banking firm, Morgan Grenfell Inc., to act as its financial adviser.

Chipwich, which has grown to a \$15-million business since it began selling its product off Manhattan pushcarts two years ago, has received about a dozen buy-out bids from larger companies in the past year, said Richard La Motta, chairman of the privately held concern. He wouldn't identify the suitors.

"Morgan Grenfell will help us wade through the inquiries and evaluate all the options," La Motta said.

As an alternative to merger or acquisition, Chipwich is considering raising capital for expansion by going public or selling stock in a private placement, he said.

"Chipwich has been very successful in establishing a nationally recognized brand name," said Sam Metzger, president and chief executive. "The next stage of development into a broadly based consumer-pro-

ducts and franchised snack company will require considerable management and financial resources."

Marketing agreement with Keebler

The firm started selling its distinctive product, four ounces of ice cream sandwiched between chocolate-chip cookies, through New York street vendors in May 1981. It hit area supermarkets in January 1982. Retail prices are three for \$2.39 in markets, and \$1 apiece off the pushcarts.

Earlier this year, the firm signed a marketing agreement with Keebler Company to distribute Chipwich products in supermarkets nationwide. Five Chipwich products now are available to 70 percent of the U.S. population, La Motta said. Nine more products will be introduced later this year, he said.

The company had \$8 million in sales last year and expects \$15 million in 1983, La Motta said.

Laying the groundwork for what La Motta said would be a national franchise operation, Chipwich plans to open two company-owned stores in Atlanta and Dallas in September or October.

"We've had 7,000 requests for franchises," he said.



Yields on T bills

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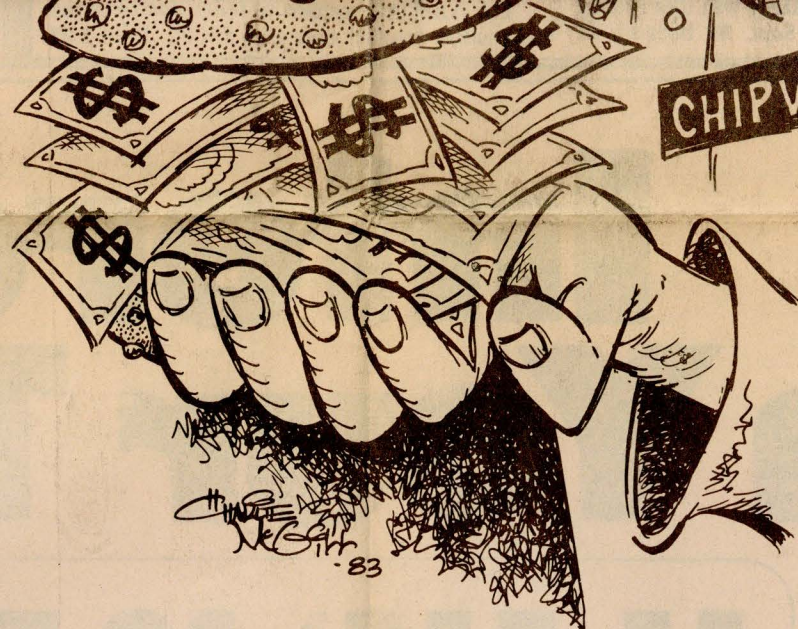
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Briefly

Ground broken for NAA headquarters

Construction of the new Montvale headquarters of the National Association of Accountants is scheduled to begin within two weeks, the group said yesterday.

The 100,000-member professional association held ground-breaking ceremonies for the \$5-million, two-story building at 10 Paragon Drive yesterday. Among those on hand were State Commerce Commissioner Gordon Putnam and NAA National President Charles T. Smith Jr., managing partner of the Detroit office of Peat, Marwick Mitchell & Company.

The association, now at 919 Third Ave. in Manhattan, has been in New York City since 1919. The association decided to move to Bergen County because of rising rents New York.

The new building, to be completed in about 12 months, will house the NAA's staff of 100 plus about eight staff members of its Institute of Management Accounting, now in Ann Arbor, Mich. The institute is responsible for giving the Certified Management Accounting examinations and is expected to hire 60 to 80 part-time employees to help process those exams.

First National State merger gets approval

The U.S. Comptroller of the Currency has approved the merger of First National Bank of New Jersey in Totowa into First National State Bancorporation of Newark, clearing the way for completion of the deal next month.

The merger, which will solidify First National State's position as the state's largest commercial banking organization, will create a company with \$6.1 billion in assets and 192 offices in all 21 New Jersey counties.

Under the agreement, the \$1.2-billion First National Bank will combine with one of First National State's subsidiaries, and the new Totowa-based bank will be called First National State Bank of New Jersey. The company's lead bank, in turn, will be renamed First National State Bank.

Following a mandatory waiting period, all offices will be opened under their new names on Sept. 6.

Becton to form limited partnership

Becton Dickinson and Company plans to form a limited partnership to develop medical diagnostic technologies into commercial products, the Paramus-based manufacturer said yesterday.

The \$50-million investment to be made in the venture will be used for research and development projects in cellular analysis, immunodiagnosics, and microbiology. Limited partnership interests will be privately placed with qualified investors.

Yields on T-bills continue to climb

The Associated Press

WASHINGTON, D.C. — Yields on short-term Treasury securities rose for a second straight week in yesterday's auctions, edging close to their highest levels in about a year, officials said.

The government sold \$12.4 billion in new Treasury bills — half in three-month bills at an average discount rate of 9.57 percent, up from 9.36 percent last week, and half in six-month bills at an average rate of 9.7 percent, up from 9.56 percent.

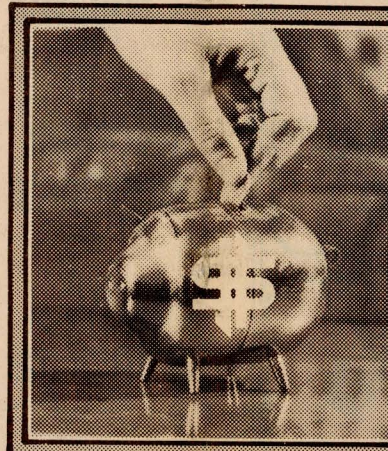
Yields on three-month bills have risen in 10 of the past 14 weeks and are now at their highest level since

the 10.025 percent of last Aug. 9. Rates for six-month bills, which have also risen in 10 of the past 14 weeks, are at their highest level since the 9.704 percent of last Sept. 13.

Yesterday's new discount rates understate the actual return to investors — 9.97 percent for three-month bills and 10.37 percent for six-month bills.

Beginning today, in private accounts linked to T-bill rates:

- Savings and loan associations and commercial banks may pay as much as 9.95-percent interest on six-month money market certificates, compared with the 9.81 percent of the past week.



Six-month Saving Certificates

Last Week's Rate

9.81

This Week's Rate

9.95

Rates apply at commercial banks and S&L's.

- Banks and savings and loans may pay as much as 9.57 percent on three-month certificates, up from 9.36 percent last week.

- In rates that don't change until next week, savings and loans may pay as much as 10.7 percent and

commercial banks as much as 10.45 percent on 1½-year certificates.

A minimum deposit of \$2,500 is required for the three- and six-month certificates. There is no government-required minimum for the longer-term certificates.

A way to recoup from the WPPSS default?

This is a weekly column focusing on investments of special interest in northern New Jersey. Readers should investigate further on their own before making any investment decision.

By Liz Kaplan
Staff Writer

Thousands of individuals who bought Washington Public Power Supply System No. 4 and 5 bonds as a risk-free investment have been stunned by the already infamous default of the power system two weeks ago. Bonds issued for the two canceled nuclear projects are trading at a fraction of their original market value — slightly more than 20 cents for every dollar — and most bondholders despair of ever recouping their investment.

For these investors, the newspaper advertisements of a New Jersey bond firm might well sound like a voice in the wilderness.

"There is a light at the end of the tunnel," promises the ad of R. W. Peters, Rickel & Company Inc. of Union. "We have the solution to the problem."



The ad suggests that holders of No. 4 and 5 bonds consider swapping them for other No. 4 and 5 bonds with different maturity dates and interest rates. This trade will establish a loss for tax purposes that the bondholders can deduct on their income tax returns for 1983 and, possibly, in years to come.

An investor who had bought 10 WPPSS bonds at par, or \$1,000 each, for example, would establish a long-term loss of \$8,000 if the original

bonds were selling at \$200 when he traded them for other WPPSS issues. Each lost dollar can be used to offset a dollar's worth of capital gains or 50 cents worth of other taxable income up to a maximum of \$3,000 a year, according to tax specialists.

To finance the construction of five nuclear plants in Washington State, WPPSS issued \$8 billion in bonds, which are essentially long-term, interest-bearing IOU's backed by the credit of the issuer. The projects were plagued by astronomical cost overruns, while the recession was sapping the demand for energy. Plants Nos. 4 and 5 have been canceled; No. 1 has been indefinitely mothballed because WPPSS doesn't have the money to finish it; and No. 3 was recently put on hold until financing could be arranged for it.

The system was forced into default after the state Supreme Court ruled in June that the 88 Northwest utilities that had pledged to pay for Nos. 4 and 5 — whether they were completed or not — did not have to pay after all. On July 25, WPPSS told Chemical bank, trustee for the \$2.25

See WAY, Page A-12

NYSE/May 10, 1984 Selected Stocks

Stk. Div.	*Sales Last Ch'ge	Stk. Div.	*Sales Last Ch'ge
AMF .50	740 16 1/4 - 1/4	IntHarv	920 7 1/8 - 1/4
AMR Cp	5152 35 1/4 - 1/4	IntPapr	2,400 16 1/2 - 1/4
AetnLf	2,640 28 1/2 + 1	IrvBk	3,680 55 59 - 1/4
Alcan	1,200 172 28 1/4 - 1/4	JohnJn	1,200 56 3/4 - 3/8
Alcor	20 23 1/4 - 1/4	K mart	1,240 42 1/2 - 1/4
AlidCp	2,400 668 52 1/2 + 1/4	LTV	250 57 1/2 - 1/4
AlidCp w	3 35 1/2 - 1/2	Lehmn	2,980 139 15 1/2 + 1/4
AlidStr	2 1688 44 1/2 - 1/2	Levitz	72 222 3 1/2 + 1/4
Alco	1,200 3649 35 1/2 + 1/4	Lifton	2 839 65 1/2 + 1/4
AmHes	1,100 4937 33 1/2 + 1/4	Lckhd	2 1577 36 1/2 + 1/4
ABrand	3,750 528 56 - 1/2	Loews	250 314 78 1/2 - 2
ABdcs	1,600 2396 58 + 1/2	LILCo	501 1945 7 1/2 - 1/4
AmCan	2,900 220 44 1/4 - 3/8	MCA	88 1424 42 1/4 - 3/4
ACygn	1,900 1123 50 1/2 - 1/4	MGMGr	44 26 11 1/2 + 1/4
AEIPw	1,200 164 20 1/4 - 1/4	Macy	1,040 1241 44 1/4 - 1/4
AExp	1,280 8333 30 1/2 - 1/4	MdsFd	63 18 1/2 - 1/4
AHome	2,640 2256 53 1/2 + 1/4	MfrHan	3,160 2305 35 1/4 - 1/4
Amrtcn	6 2162 67 1/2 + 1/4	vManvl	78 10 1/2 - 1/4
AmMot	27947 16 - 1/2	MarMid	1,600 66 22 1/2 - 1/4
AT&T	1,200 562 18 1/2 + 1/4	MarkC	32 68 11 1/2 + 1/4
Armco	400 158 24 1/2 - 1/4	McDnd	1 1062 67 1/2 - 1/4
ArmWin	1,200 470 28 - 1/4	Merck	3 1168 91 + 1
Asarco	400 11409 49 1/4 - 1/2	MerLys	80 2868 25 1/2 - 1/4
AtRich	3 4445 28 1/2 + 1/4	MMM	3,400 2979 76 1/2 - 1/4
AvcoCp	1,200 164 20 1/4 - 1/4	Mobil	2,200 10779 30 1/2 - 1/4
Avon	2 3817 20 1/2 + 1/4	Monson	4,600 660 95 1/2 - 1/4
BallyMf	20 447 31 1/2 + 1/4	Morgan	4 2464 71 1/4 - 1/4
BkNYs	1,840 7650 19 - 1/2	Motorola	1,600 2309 119 1/2 - 1/4
BnkAm	1,520 764 43 1/2 - 1/4	NCR	3,200 573 106 1/4 + 1/4
BankTr	2,450 2705 22 1/2 - 1/4	Nclwl	2 38 26 1/2 + 1/4
BeasFd	1,700 350 34 1/2 - 1/4	NabscB	2,480 748 40 1/2 - 1/4
Bectnd	1,150 430 26 1/2 + 1/4	NatDist	2,200 278 27 1/2 + 1/4
BelHws	500 1298 71 1/2 + 1/4	NatGyp	1,760 231 36 1/2 + 1/4
BelIAIn	6,400 1438 91 1/4 - 1/4	NiaMP	2 1397 14 1/2 + 1/4
BelSo n	7,800 54 34 1/2 - 1/4	NorKso	3,200 902 56 1/2 - 1/4
BelSwi	1,400 1268 28 1/2 - 1/4	NwstAir	80 3707 37 1/2 - 1/4
BelStl	60 1472 22 - 1/2	Nytdnt	2,680 2446 49 - 1/4
BlackD	64 2959 39 1/4 - 1/4	NYNyn	6 2230 60 1/4 - 1/4
Boeing	1,400 165 36 1/4 - 1/2	OccPet	2,500 10294 32 1/4 + 1/2
BoiseC	1,900 2705 22 1/2 - 1/4	Olin	1,320 90 29 1/4 + 1/4
Borden	2,720 396 57 1/4 + 1/4	OwenC	1,200 1714 31 1/2 + 1/4
BorgW	840 2228 21 1/2 - 1/4	Owenll	1,680 1393 36 1/2 - 1/4
BristM	1,600 4201 45 + 1/4	PCTel	5,400 2673 58 1/2 - 1/4
BritPt	1,680 973 49 1/2 - 1/4	PainWb	60 448 31 1/4 - 1/4
BkUG	3 22 31 1/2 + 1/4	PanAm	2530 57 1/2 - 1/4
Brnwk	60 183 28 1/2 + 1/4	Penne	2,360 2225 51 1/2 - 1/4
Burlnd	1,840 228 28 1/2 - 1/4	Pennzo	2,200 4841 38 1/4 - 1/4
Burrgh	2,600 2838 52 1/2 - 1/4	PepsiCo	1,680 4034 40 1/2 - 1/4
CBS	2,800 727 73 1/2 + 1/4	Pfizer	1,320 2594 33 1/2 - 1/4
CPC Int	2,200 1782 37 1/4 - 1/4	PhilM	3,400 1197 62 1/2 - 1/4
CSX	1,040 2623 22 1/2 - 1/4	Polarid	2,400 2669 42 1/2 - 1/4
CdPac	1,400 137 33 1/2 - 1/4	ProctG	2,400 9120 47 1/4 - 1/4
CdPacP	1,500 3019 74 1/2 - 1/4	PSVEG	2,640 2113 22 1/2 + 1/4
Celanse	4 846 75 1/4 + 1/2	RCA	900 11966 35 1/2 - 1/4
ChmpIn	400 585 21 1/2 - 1/4	Ravlin	1,400 3069 38 1/2 - 1/4
Chase	3,650 609 48 1/4 - 1/4	RepStl	50 644 28 1/2 - 1/4
ChNYs	2,360 347 31 1/4 - 1/4	Reynl	3,200 3964 61 - 1/4
ChesPn	1,920 1028 34 1/4 + 1/4	ReyMH	1 927 30 1/4 - 1/4
ChkFull	50 5 13 1/2 - 1/4	Royld	2,820 1279 27 1/4 + 1/4
Chryslr	1,500 10564 22 1/2 - 1/4	SCM	2 239 39 1/2 - 1/4
Citicorp	2,060 5591 32 1/2 - 1/4	Safewy	1,500 1943 24 1/2 - 1/4
Citibv	2 18252 42 1/2 - 1/2	StRegis	1,120 1176 36 1/2 + 1/2
CititP	92 222 28 1/2 - 1/4	SESPn	1 2752 23 - 1/4
CocaCI	2,760 2216 56 1/2 - 1/4	SchrFlo	1,680 2190 37 1/2 - 1/4
ColGai	1,280 1550 24 1/2 - 1/4	SchmD	1,040 4871 19 1/2 - 1/4
ColGas	3,180 738 34 1/4 - 1/4	ScotTP	1,120 1083 31 1/2 - 1/4
CmbEn	1,840 1541 31 1/4 - 1/4	Sears	1,760 6544 31 - 1/4
Cmsal	1,200 992 23 1/2 + 1/2	ShelIO	2 682 58 1/4 + 1/4
Cnsd	2,120 10501 25 1/2 - 1/4	Singer	100 690 27 - 1/4
CTData	660 4496 31 1/4 - 1/4	SonyCp	100 1593 15 1/2 - 1/4
CornG	2,320 285 65 1/2 + 1/4	SouthCo	1,800 1446 15 1/4 + 1/4
CurtW	1,200 7 36 1/2 - 1/4	SwBell	5,600 2885 58 1/2 - 1/4
DartKr	4,240 1035 76 1/4 + 1/4	Sperry	1,920 2459 38 1/2 - 1/4
Deletra	60 1869 34 1/2 - 1/4	Squibb	1,440 766 41 1/2 - 1/4
Deltona	30 257 63 - 1/4	Stoicl	2,400 4950 39 1/2 + 1/4
Disney	1,200 2345 63 - 1/4	StoInd	3 5810 56 1/4 + 1/4
DowCh	1,800 1460 31 1/2 - 1/4	StoOh	2,600 2670 47 1/4 + 1/4
duPont	2,800 1687 49 1/2 - 1/4	StaufCh	1,440 6527 18 1/4 - 1/4
EastAir	3 8076 67 1/2 + 1/4	SterilD	1,160 920 25 1/2 - 1/4
ED	24 26 15 1/2 - 1/4	StevnJ	57 1970 37 1/2 - 1/4
EMERSON	1,040 2728 53 1/2 - 1/4	Syntex	1,600 1548 43 1/4 - 1/4
Exxon	3,400 11556 42 1/4 - 1/4	Tennco	2,800 1961 42 1/4 + 1/4
FMC	1,800 1415 47 1/2 + 1/4	Texaco	3 2602 39 1/2 + 1/4
fairch	40 49 17 1/2 - 1/4	TexEst	4,100 411 68 1/2 + 1/4
FedNM	1,160 5184 19 1/2 + 1/4	Textint	2 638 144 1/2 - 1/4
FedDSI	2,400 2050 49 - 1/2	Textron	1,800 319 29 1/2 - 1/4
Firestn	80 1744 19 - 1/2	TW Cpn	100 2297 30 + 1/2
FltPrg	2,040 921 20 1/2 - 1/4	Transm	1,560 266 23 1/2 - 1/4
FordM	570 217 20 1/2 - 1/4	Tricon	5,550 139 22 1/2 + 1/4
GTE	3 1941 38 1/2 + 1/4	Trubunn	72 156 28 1/2 - 1/4
GnCorp	1,500 213 33 1/2 + 1/4	UAI	30 3049 - 1/4
GnDyn	1 1835 50 1/4 + 1/4	UnCarb	3,400 587 55 1/2 - 1/4
GenE	1 2534 54 1/2 - 1/4	UnPac	1,800 1238 46 1/2 - 1/4
GnFds	2,500 1972 32 1/2 - 1/4	Unrovl	1,030 953 12 1/2 - 1/4
GnInst	50 1202 22 1/2 - 1/4	UnBrnd	73 17 1/4 + 1/4
GMot	3,850 14893 65 + 1/2	USGys	12 3292 29 1/2 - 1/4
Gpac	60 1844 21 1/2 - 1/4	USSteel	1 4520 29 + 1/2
Gillette	2,440 431 46 1/2 - 1/4	USWst	5,400 2067 59 1/2 - 1/4
Gldrich	1,560 187 37 1/2 - 1/4	UnTech	2,800 3427 65 1/2 - 1/4
Goodvyr	1,400 35410 26 1/2 + 1/4	USWst	5,400 2067 59 1/2 - 1/4
Grace	2,800 1119 40 1/4 - 1/4	WmCn	1 1684 21 1/2 - 1/4
GraTPc	1,340 1340 16 1/2 + 1/4	WmLn	1,480 1919 30 1/2 - 1/4
Grevh	1,200 714 23 1/2 - 1/4	WUnion	1,400 262 24 1/4 - 1/4
Grums	50 192 23 1/2 - 1/4	WestEg	2 2866 45 1/2 - 1/4
GruWst	900 2190 34 1/2 - 1/4	Wolfsgr	3 23 1/2 + 1/4
GulfCp	3 617 78 1/2 - 1/4	Wolfsgr	3 23 1/2 + 1/4
Hmsike	20 567 30 1/2 + 1/4	Xerox	3 2799 40 1/4 - 1/4
Honwll	1,900 3756 54 + 1/4	ZenithE	1536 30 - 1/4
ITT Cp	2,760 3678 37 + 1/4		
ITT Int	1,150 210 21 - 1/4		
INCO	20 1093 12 1/2 + 1/4		
IBM	3,800 10397 112 1/2 - 1/2		

AMEX

Stk. Div.	*Sales Last Ch'ge	Stk. Div.	*Sales Last Ch'ge
Asmr g.s.	127 9% -	GnYig	3 18% -
Brascnsl	60 42 28 + 1/4	GnCd g	52 3044 14 - 1/4
BrnFB	88 76 28 + 1/4	MCO Hd	17 12 1/2 - 1/4
ChmpH	189 3 1/2 + 1/4	Rest A	734 41 1/4 + 1/2
DormP	431 2 1/2 - 1/4	Solltron	27 7 1/4 - 1/4
FrontHd	20b 76 13 1/2 - 1/4	TrnsLx	10 6 11 1/2 - 1/4
GenVds	20 48 12 1/4 - 1/4	Unimax	12 4 1/4 -

*In 100s-Ex-dividend

FOOTNOTES: u—Indicates a new 52-week high. d—Indicates a new 52-week low. s—split or stock dividend of 25% or more in the past 52 weeks. Dividend begins with the date of split or stock dividend. n—new issue in the past 52 weeks. g—dividend or earnings in Canadian money; stock trades in U.S. dollars. a—also extra or extras. b—annual rate plus stock dividend. c—liquidating dividend. e—declared or paid in preceding 12 months. l—declared or paid after stock dividend or split up. i—paid this year, dividend omitted, deferred or no action taken at last dividend meeting. k—declared or paid this year, an accumulative issue with dividends in arrears. r—declared or paid in preceding 12 months plus stock dividend. t—paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. Sales in 100s. x—ex-dividend or ex-rights. y—ex-dividend and sales in full. z—sales in full. wd—when distributed. wl—when issued. ww—with warrants. wz—without warrants. vj—in bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.

THE MARKETS

Dow Jones	1,167.19	Up	1.67
Am Ex	210.92	Down	0.92
O.T.C.	252.91	Up	0.31
N.Y. Gold	\$372.90	Up	\$1.70
Krugerrand	\$383.25	Up	\$1.75
Silver	\$ 8.78	Up	\$0.17

MOST ACTIVE STOCKS

VOLUME	CLOSE	CHANGE
2,794,700	Amer T & T	16 - 1/2
2,070,000	Contl Illinois	12 - 1 1/2
1,822,200	City Invest	42 1/2 - 1/4
1,488,600	Genl Motors	65 + 1/2
1,282,800	Prime Computer	13 1/2 - 1/4
1,196,600	RCA Corp	35 1/2 - 1/4
1,155,600	Exxon Corp	42 1/4 + 1/4
1,140,900	Atl Richld	49 1/4 - 1/2
1,077,900	Mobil Corp	30 1/2 - 1/4
1,056,400	Chrysler	22 1/4 - 3/8



ROBERT METZ' COLUMN

The off-price retailers can't be discounted by investors

LIKE SO many things in life, a good concept sneaks up on us. In California we drive 20 miles to an off-price retail mall and, on television in New York, Sy Syms says he cuts prices on unsold items daily. Finally, we realize retailing is changing in a meaningful way for investors.

Off-price retailing is actually an old concept. In 1909, Filene's began selling leftover manufacturers' goods in its basement in Boston. Now the idea is hotter than ever—and has gone upscale to snare suburban mothers over 30 from households earning \$35,000 a year.

And it's paying off. The five-year sales gain for one well-run chain, Burlington Coat Factory, has been 51.6% a year. The Dress Barn had gains of 32.9% a year over the same period and Syms Corp. sales are up 26.7% a year for the five-year period.

AS A GROUP, the off-price retailers had sales gains of 32.7% in 1983, according to the trade monitor, Management Horizons, Inc. They can expect retail sales gains of 20% a year for the rest of the decade. By then, sales could reach \$26.7 billion a year and account for 15.6% of all apparel and footwear sales.

The movement to off-price retailing is so important real estate developers are putting up entire malls for off-pricers who sell housewares, home furnishings, jewelry, sporting goods and toys.

This trend is the most pervasive one in retailing since the 1950s when retailers began discounting hard goods. The new off-price retailers have provoked a spirited response from traditional stores. Department stores, whose prices are typically 20% to 70% higher than the discounters, are, in some cases, fielding their own off-price units.

Here are the 10 largest: Melville's Marshall's chain is biggest. In 1983, sales in its 175 stores were \$830 million. Zayre's T.J. Maxx is second with about 115 stores in 1983 whose sales were \$340 million. Associated Dry Goods' Loehmann's did \$260 million, Zayre's Hit or Miss chain did \$190 million, and Lucky Stores' Pic-A-Dilly/It's-A-Dilly stores had revenues of \$165 million in 1983.

In 1983, Syms did \$140 million; Burlington Coat Factory, \$130 million; Federated's Filene's Basement, \$90 million; Woolworth's J. Brannam, \$85 million; and U.S. Shoe's T.H. Mandy, \$78 million.

ALL TOLD, these top 10 chains generated combined sales of \$2.3 billion and accounted for 44% of all off-price sales.

Even so, some believe off-price retailing is approaching the end of the rapid growth stage. John Leffler of Management Horizons says the next recession could shake out some weaker off-price operations. He says that then—possibly in 1986-87—some marginal companies and corporate divisions may fail—if indeed they don't fold sooner.

Ira Hirsch, retail analyst for Fourteen Research, is also bearish on the group. He argues that the concept depends on manufacturers' overruns. He says there aren't enough overruns to support the kind of growth others are projecting. Already, he notes, consumers have noticed that some stores are obtaining less designer merchandise.

Fred Wintzer Jr. of Lehman Brothers Kuhn Loeb is at the other end of the spectrum. In an exhaustive report, he argues that the better-run off-price chains will obtain needed merchandise during the next five years. For one thing, U.S. apparel and footwear manufacturers have excess capacity. Besides, apparel makers earn higher returns on investment selling to off-pricers than to traditional retailers.

WINTZER QUOTES the Federation of Apparel Manufacturers, saying off-pricers buy large quantities compared to "trickle-down" buying by most department stores. "They pay promptly, and there are no returns," he says.

Wintzer adds that much apparel moving into off-price channels is current-season goods as makers build off-price demand into production schedules. And an "extremely

high" percentage of off-price goods go to local, under-capitalized retailers, who would be the first to lose out in a shortage.

Wintzer is not overly concerned about the department store response. They are marking down sooner, improving buying strategies, and selling selected goods at low prices. But he doesn't expect these responses to slow the growth of off-price retailing. "The ordinary advantage of lower operating expenses and margin requirement will allow off-price retailers to continue to offer superior value."

The idea is hotter than ever—and has gone upscale to snare women in \$35,000 households.

He notes that a conventional department store and a specialty apparel store would pay \$55 for a garment the off-price retailer might buy for \$30. Operating profit per dollar of sales for the department store could average 3.9 cents. The apparel store might earn only 1.4 cents. The typical off-price retailer, 7 cents.

EVERYTHING considered, then, Wintzer believes the growth opportunities for the top 10 chains to be significant.

Wintzer believes the top 10 have "plenty of room" for growth even after the industry peaks. He grants that several metropolitan off-price+soutlet center markets may be "approaching saturation."

But some sections of the country are "untouched" by the off-price phenomenon. By the end of 1985, he thinks over 54 million square feet will be devoted to off-price/outlet centers. He looks for an additional 98 million square feet between 1984 and 1990.

Wintzer's pure-play favorites: Burlington, Dress Barn and Syms. Robert Metz is New York bureau chief of Financial News Network.

Dow eeks out rise

By GERALD M. CONNORS

Stocks churned to a mixed finish in heavy trading yesterday on the New York Exchange amid continued investor consternation over interest rates.

\$-fund yields up

Donoghue's Money Fund Report yesterday said the average seven-day yield on the money market mutual funds increased to 9.4% from 9.35% in the week ended Wednesday. The average 30-day yield advanced to 9.34% from 9.31%.

Separately, The Bank Rate Monitor said its survey of 50 bank and thrift institutions in five major cities showed average rates on money market deposit accounts moved up to 8.78% from 8.74%.

The Dow Jones industrials managed to hold on to a 1.67 increase to 1,167.19 after being ahead more than 5 points early in the session, but declining issues edged gainers 788-713. Big Board turnover hit 101.8 million shares v. 100.5 million Wednesday.

Analyst Newton Zinder at E.F. Hutton & Co. said the market "looks like it wants to go higher, and would, if the fixed-income sector should show any semblance

The New York Times

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How Far to Bend on Steel

American steel makers say that competition from abroad is the primary cause of their woes. Right, says the International Trade Commission, an independent Federal agency, voting 3 to 2 to recommend import restrictions. President Reagan must accept or reject the commission's recommendation by fall.

It's hard to see how Mr. Reagan, for all his free-market orientation, can summon the courage to reject some form of help. For him to do so would infuriate the big, influential steel industry and its unions in an election year. What can be hoped for is that rather than surrender to import quotas he'll devise a constructive alternative, one that eases the inevitable transition to a smaller steel industry.

Everyone agrees Big Steel is in big trouble. Worldwide demand for steel is flat, as people turn to lighter substitute materials. America's integrated steel producers, moreover, are in a poor position to compete for a share of the stagnating market. Hobbled by expensive labor and aging facilities, they can't profitably make steel as cheaply as Asian and Latin American producers do. Nor are they a match for efficient domestic "mini-mills" that transform scrap into steel products.

Everyone does not agree, though, on what to do about it. The industry has long fought, with some success, for protection against imports. Meanwhile, in long-range terms, it has been retreating. Rather than investing the tens of billions in modernization, the companies have been using much of their cash to diversify into other businesses. And their unions, rather than make the drastic wage concessions needed to preserve jobs, have chosen layoffs and early retirement for senior workers.

Imports from Europe are already limited to 6 percent of the market. Additional quotas would certainly improve the balance sheets of the major

steel companies and slow the loss of \$25-an-hour jobs in the Rust Belt. But temporary protection won't brighten the industry's dismal long-term prospects. And meanwhile all the rest of us would pay. Assume that stiff quotas raised prices by the 10 percent suggested by industry leaders: That would cost American consumers about \$4 billion a year.

Conservatives favor doing nothing more for the industry. That would accelerate shrinkage, leaving a relatively modern, profitable core two-thirds the size of the present steel industry. It may sound callous to stand back and watch such harsh medicine take effect. But it's no different from the unquestioned public policy that allows thousands of small, inefficient businesses to go bust each year without public intervention. That policy has several names, among them the free market and the American way.

There's little likelihood the President will play that tough with Big Steel in an election year. But there is an economically wise, politically realistic compromise. He could offer to shift some of the burden of shrinkage from unemployed workers and affected communities to taxpayers. Such a plan might include special job retraining, relocation allowances, temporary wage subsidies and cash for cities stunned by plant closings. Assistance could be conditioned on dramatic wage concessions by those still working.

To this Administration, such tailored tactics sound like "industrial policy," which it regards as anathema — in part because it violates free-market principles, in part because it shows up as budget expenditures. But in other cases where politics dictated concessions, like automobile imports, the President has managed to bend his principles. And when it comes to principles, costly, unproductive protectionism violates the free market far more than aid carefully targeted to victims of economic dislocation.

The Patient Has a Right to Know

"An educated consumer is our best customer," says the ad for Syms, a New York clothing store. The Department of Health and Human Services now proposes to apply a similar, laudable national policy to medical care. Doctors and hospitals are re-

rich pool of data under close control of the profession. The figures, they say, can easily be misleading. That a doctor's patients die at an unusually high rate, for example, may have nothing to do with his competence. It may only show that he treats a lot of

Letters

Child-Care Services: The Doable That Is Not D

To the Editor:

Your May 22 news analysis of problems with New York City's child-care agencies suggested that their mishandling of child-abuse cases is caused by heavy caseloads and budgetary constraints. A Brooklyn grand jury, however, in a report released on May 17, found that, despite these limitations, actions to protect children could have been taken, but were not.

The grand jury investigated in detail one case in which the City Office of Special Services for Children (S.S.C.) and a voluntary child-care agency working with S.S.C. returned, in a perfunctory manner, two infants to an abusive mother who had previously killed her 7-month-old baby. Not surprisingly, both infants were subsequently injured by their mother; one of them, a 2½-year-old, was severely scalded and permanently disfigured.

The grand jury found that both the S.S.C. and the voluntary agency could have prevented this tragedy,

had it not been for systemic problems at both agencies.

There were no special procedures for handling high-risk cases like this. Inexperienced, untrained and inadequately supervised workers were assigned such cases. When incidents of abuse occurred, the agencies' investigations of them were appallingly deficient.

In this case, the mother's inherently incredible and false explanations for the injuries to her small children were repeatedly accepted. Beyond that, the agencies failed to respond promptly and compassionately to the injuries they saw.

Thus, when a worker saw the severely scalded baby, she merely called her supervisor and went home, subsequently explaining to the grand jury, "I was tak[ing] care of me at that particular time. To see a child with the feet all burned up to the ankle, the stomach . . . you needed to have some kind of care for yourself at that particular time." Neither the worker

nor the supervisor took steps to the safety of the scalded baby's.

The grand jury proposed special remedies for the problems it found. Recognizing budgetary constraints, it recommended changes that would require no additional resources. Its proposals included legislation requiring court approval before children be returned to a seriously abusive parent, establishment of special units to handle high-risk cases, mandatory training and testing of all child-care workers and better supervision record-keeping.

Immediate action must be taken, the State Legislature and the city implement these proposals. While the city's commitment to increase S.S.C. funding is an important and welcome step, it is only by comprehensive reform of the child-protective system that New York City's children can be adequately protected from physical abuse.

ELIZABETH HOLTZ,
District Attorney, Kings County
Brooklyn, June 6,

Questionable Roots Of Antisocial Conduct

To the Editor:

What an odd little review by John Corry (May 31) of "The Developing Child" segment of Channel 13's "Innovation" series.

Mr. Corry praises the program, which focuses on "contemporary research" suggesting that the process of learning begins almost immediately after birth and that babies can only benefit from, rather than risk being spoiled by, parental attention and stimulation. He then devotes nearly half the review to chiding the program for neglecting "to mention a corollary of the new findings," the implication of which is that antisocial behavior can be "imprinted" at birth.

The reason "Innovation" neglected this point may be that it is not a corollary, not a finding of contemporary research, and not true.

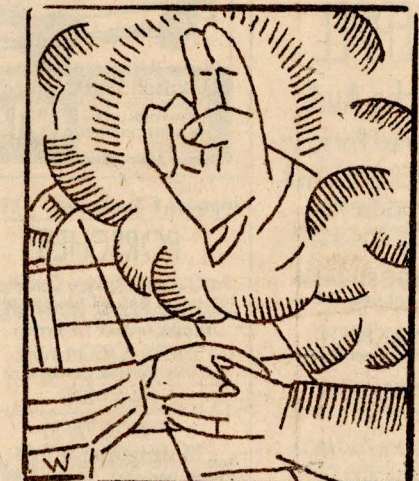
Certainly, there are studies suggesting that violence can be learned and that growing up in a violent atmosphere can predispose a child to violence as an adult. Mr. Corry, claiming support from the "new research," moves from there to the contention that "antisocial or violent behavior is . . . less dependent on environmental influences . . . than once was thought [and] may be learned virtually at birth." This belief is not a product of contemporary research but a throwback to an earlier and largely discredited doctrine of ethology.

Overwhelmingly, current research indicates that the human organism is highly malleable — that it begins its learning early and that it does not stop learning; what is learned can be unlearned. The conditions in which learning takes place are thus of great

Marriage Overtures' Fitting Conductors

To the Editor:

I wish to take issue with a statement in your June 5 Topics item "License, Not Liberty" that religious figures have declined in popularity to



perform marriages because their fees are higher than the city's.

As a clergyperson, I have performed marriage ceremonies for couples who have already paid their \$5 to the City Clerk to marry them. Cou-

ples sometimes regret taking such a big step in such an impersonal setting as City Hall, so they seek to remedy by reaffirming their vows in a setting they feel more appropriate to the One who blesses their union — and they do pay another fee.

Most of the weddings I perform are for couples who have no church home, who are divorced Catholics or who are of different faiths (especially Christian and Jewish). Those who after having made inquiries of me decided to go elsewhere did so not because of high fees (I charge according to ability to pay). Many times we did not even discuss money. Rather, I have found that either my sex or the fact that I require a few sessions of premarital counseling caused them to look for someone else, someone who would marry them on their terms.

You also overlooked one of the most important benefits of being married by clergy: Couples can return to them when difficulties arise in their marriage. For such consultations, many clergy do not charge.

(REV.) SHARON SOLT
New York, June 6, 1984

The writer is assistant pastor at the Broadway United Church of Christ.

Rightful Inheritors of Pre-Columbian Treasures

To the Editor:

Art dealer Andre Emmerich's argument that the majority of Latin Americans are descendants of Spanish conquistadores and, therefore, have no "superior moral claim" to the pre-Columbian art treasures of their own countries (Issue and De-

do not represent the governments of these countries, nor do they speak for the general populace.

North American and European collectors, museums, etc., have been literally robbing Latin America of its pre-Columbian art for years. It is about time it was stopped.

The Patient Has a Right to Know

"An educated consumer is our best customer," says the ad for Syms, a New York clothing store. The Department of Health and Human Services now proposes to apply a similar, laudable national policy to medical care. Doctors and hospitals are resisting, thus impeding the effort to tame the runaway inflation for health services.

The law authorizes Washington to monitor the practice of medical providers who accept payments from Medicare, the \$66 billion insurance program for the elderly. Up to now, the monitoring has been done by local groups dominated by doctors and hospitals who review the work and costs of their colleagues. Nobody seemed to worry about the close relationship between reviewers and reviewed as long as Medicare remained unfazed by rising costs and paid all reasonable medical bills.

Last year, however, Medicare began a bold cost-control program. It set hospital payments at fixed rates based on a list of 467 standard diagnoses. "Peer review" organizations are to play an important role in policing this new system, and recent legislation requires them to become more rigorous. More objective reviews according to the standard diagnoses should also produce an invaluable byproduct: a vast data base that will permit precise comparisons of medical practice nationwide.

In theory, anyone with access to the data could quickly discover, for example, whether heart patients at fashionable Megabuck Medical Center get any more for their insurance dollar than those who are treated at Downtown General. And a person about to consult a surgeon could learn whether that doctor's patients suffer more complications than others.

The American Medical Association and the American Hospital Association want to keep the

rich pool of data under close control of the profession. The figures, they say, can easily be misleading. That a doctor's patients die at an unusually high rate, for example, may have nothing to do with his competence. It may only show that he treats a lot of terminally ill patients.

Meanwhile, business, labor and senior citizen groups insist on access to the data, in hopes it will increase their power to bargain for lower doctor and hospital charges.

The latest battle over the data erupted recently when the Department of Health and Human Services proposed new rules about public disclosure. The agency made clear its desire for greater public use of the information that's to be gathered about hospitals. It also invited comment on the idea of disclosing individual physicians' performance records, something the A.M.A. views with alarm.

The proposed rules are consistent with the agency's interest in promoting comparison shopping to reduce medical costs, since neither patients nor insurers now know enough to make sensible choices. Would more public use of the information also expose doctors and hospitals to unfair attack? Probably not. Employers and insurers are the most likely users of the data base. Their interest is not to fish for evidence of malpractice but to identify and support those who are finding ways to reduce costs without sacrificing quality.

In any case, procedures to prevent misuse of the new information could be established with the help of doctors and hospitals. The medical lobbies' concern about reputations should impel them to offer that kind of cooperation, rather than carping about a sensible way to improve cost control.

The Editorial Notebook

Justice Accelerates

Court delays too often result from the "local legal culture," the belief among prosecutors, defense attorneys and judges that time is on everyone's side. Nowhere is the phenomenon more evident or infuriating than in voir dire, the questioning of prospective jurors.

A recent tour of jury duty, however, suggests that the local legal culture may be changing its ways. At least in some courts, things are speeding up.

By long tradition, voir dire is a mind-numbing ritual. In addition to basic facts of age and occupation, lawyers are supposed to pursue matters that might affect jurors' objectivity, such as whether they have recently been the victim of a crime. Too often, however, the lawyers try to get a jump on the case ("Can you assure me, Mrs. Jones, that you won't let the fact that a person might have unsavory friends affect your judgment of the facts?"). And sometimes they spin out repetitive questions for no apparent reason.

The waste of time has been scandalous. A state commission found in 1981 that the average voir dire lasted

The Culture of Delay May Be Feeling Some Strain

two days and took up 40 percent of the trial time.

Yet a week of jury duty in Brooklyn last month offered at least anecdotal evidence of change.

One afternoon, for example, the loudspeaker had the temerity to summon a jury panel at 3:15. A wave of grumbles spread through the veniremen. Experience had taught that if you don't get summoned by 3 P.M. you can expect to be dismissed early. This group would be stuck in court until 5. And so it was, by a hard-working judge who had no use for the comfortable old ways.

Her distaste for business as usual wasn't unique. Another judge held lawyers to strict time limits, while yet another scolded lawyers who asked repetitive questions. A fourth judge handed out a list of 16 questions and instructed the 14 prospective jurors simply to read out their an-

swers, thereby saving the time it would have taken to repeat each question 14 times.

Some lawyers seemed to get the message. One defense attorney stunned the court by announcing that he had learned all he needed to know from the judge's and prosecutor's questions and would have none of his own. Lawyers also seemed to reject fewer jurors than in other years.

Court officials note that both judges and lawyers have new reason to focus on efficiency. Last fall's forced release of inmates from a crowded city jail seemed to chasten the judges, who well understand that court delays mean suspects awaiting trial will pile up in scarce cells. And lawyers are nervous about calls for legislation that would severely limit their right to ask questions.

Meanwhile, a recent survey by the city bar association found that 86 percent of judges think they should be exercising more control over the voir dire and 40 percent of lawyers acknowledge that there's a "substantial problem" with jury selection.

Time, in other words, no longer seems so much on everyone's side.

DAVID C. ANDERSON

birth." This belief is not a product of contemporary research but a throwback to an earlier and largely discredited doctrine of ethology.

Overwhelmingly, current research indicates that the human organism is highly malleable — that it begins its learning early and that it does not stop learning; what is learned can be unlearned. The conditions in which learning takes place are thus of great importance. Ultimately, whether or not environment is a stronger determinant than genetics or "imprinting," it is still the only one of these factors over which we can exercise control and responsibility.

Quite properly, none of this was contained in the "Innovation" program.

ERNEST HERMAN
Managing Editor, American Journal
of Orthopsychiatry
New York, May 31, 1984

Not Just for Dolls

To the Editor:

In reference to the June 1 news article "A Summer Camp That's Just for Dolls," I hope that Dr. Stein, the camp originator, will require for enrollment an additional check for \$30 (the doll camp's fee) made out to the Fresh Air Fund or to a local organization that sends underprivileged children to summer camp. Surely anyone who can afford \$30 for the make-believe of sending a doll to camp can afford another \$30 for the real thing.

MARGERY GORI-MONTANELLI
New York, June 1, 1984

A City Proposal to Burden Small Businesses

To the Editor:

With the adoption of New York City's new budget, one might think that the voice of small business finally is being heard at City Hall. But the truth is that the present administration is giving only Lipper service to the problems of small business.

Witness the carrot Mayor Koch extended to 33,000 small businesses in the form of a commercial occupancy tax abatement, while hitting approximately 152,000 businesses with an increase in real property tax.

Under the current tax policy, businesses are subject to a commercial occupancy tax of 6 percent if their annual rent exceeds \$5,000. The new proposal will exempt businesses paying under \$8,000 from that tax, beginning with the new fiscal year, and will exempt those paying \$11,000 or less beginning next Jan. 1.

Because commercial rents are being increased in geometric proportions, only 17 percent of all New York City businesses currently qualify for the tax relief, and ever fewer will qualify as time goes by. In fact, the new budget actually will be breaking small-business people instead of giving them a break.

The real property tax for commercial and industrial property will rise to \$9.32 per \$100 of assessed value. Because most commercial leases in New York City have pass-along clauses for real property tax increases, it will be the commercial tenant who will be forced to pay the new tax. This tax will

Rightful Inheritors of Pre-Columbian Treasures

To the Editor:

Art dealer Andre Emmerich's argument that the majority of Latin Americans are descendants of Spanish conquistadores and, therefore, have no "superior moral claim" to the pre-Columbian art treasures of their own countries (Issue and Debate June 5) is a specious one indeed.

The majority of Latin Americans today are of mixed race, generally Spanish-Indian or "Mestizo"; in many cases, especially in the Caribbean area, there is a Negro component as well. If he means a minority of wealthy Latin Americans — who are generally white and of Spanish origin — have no right to these treasures (any more than he has), then he may have a small argument. But they

do not represent the governments of these countries, nor do they speak for the general populace.

North American and European collectors, museums, etc., have been literally robbing Latin America of its pre-Columbian art for years. It is about time it was stopped.

Latin Americans have every right to their artistic patrimony, just as the people of the U.S. and other "advanced" countries of the world have a right to theirs. I would like to hear the hue and outcry from dealers, collectors and museums in this country if some Latin American, European or Asian collectors began sacking our own artistic heritage.

JOHN R. MCBRIDE
New York, June 5, 1984

Federal Legislators Cloaked by the Voice Vote

To the Editor:

Apart from the merits of the House legislation designed to raise the drinking age to 21 (news story June 8), the increasingly frequent passage of legislation such as this by voice vote is disturbing.

I am interested in space funding, and I was amazed to learn that since 1974 the Senate has conducted all of its space business by voice vote and not by roll call. This trend has spread to the House in the past two years. There is no record of an individual's votes.

What good is democracy if I must vote for politicians without knowing their true track record, only their promises? I have seen promises and actions differ before.

The significant number of 18-to-21-year-old voters who drink have likewise been dealt a blow. Perhaps by sloughing off accountability, politicians may avoid special-interest pressures. I believe, however, that anonymous voice votes make my electoral vote meaningless.

DAVID HITCHCOCK
New York, June 9, 1984

Copper Quotas' Price

To the Editor:

I fully agree with your opposition to copper import quotas (editorial June 2); I made many of the same arguments in testimony before the International Trade Commission on May 15.

One further point: Quotas might not be even a temporary relief for the copper mining companies. American wire and cable manufacturers account for about 70 percent of U.S. copper consumption. The domestic and international sales of those manufacturers are likely to drop if copper prices rise, cutting the demand for U.S. copper.

Copper import quotas would at best save a few mining jobs — at the expense of many more manufacturing jobs in areas already hard hit financially, like upstate New York.

SHERWOOD BOEHLER
Member of Congress, 25th Dist., N.Y.
Washington, June 5, 1984



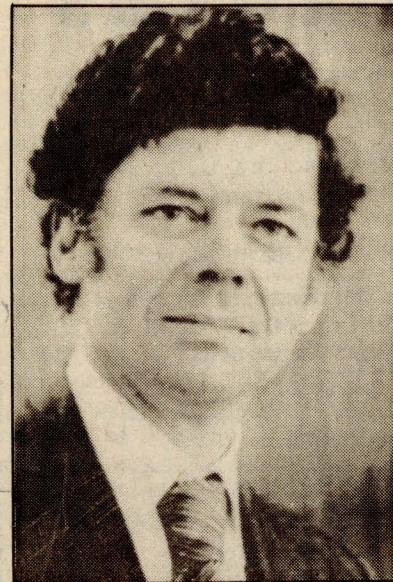
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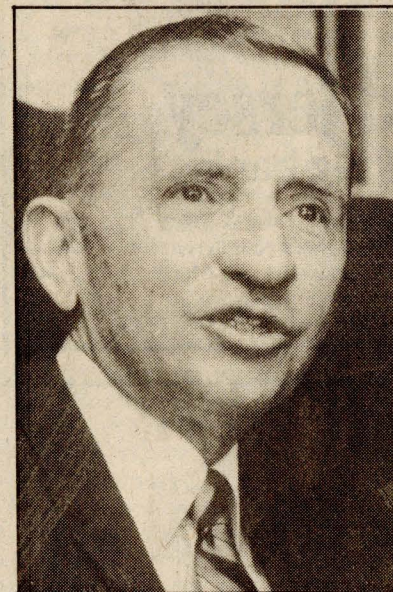
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Gordon Peter Getty

UPI photo



Henry Ross Perot

AP photo

Magazine lists richest Americans

From Record and wire service reports

NEW YORK — Gordon Peter Getty is the richest person in America again this year, his \$4.1 billion fortune nearly twice that of his nearest challenger, according to Forbes magazine's 1984 listing of the country's 400 wealthiest people.

Getty, 50, of San Francisco, a composer, pianist, and arts patron, doubled his net worth from last year's \$2 billion after selling his family's interest in Getty Oil to Texaco. He is married and has four sons. The son of J. Paul Getty was also No. 1 on last year's list.

Sam Moore Walton, who lives modestly in Bentonville, Ark., hunts quail and drinks his morning cup in a coffee shop, again is the second richest man in America, worth \$2.3 billion. Walton founded and runs the Wal-Mart discount store chain.

The 1984 Forbes 400, due out next week, is the magazine's third annual ranking of individual wealth. It lists 10 men and two women worth more than \$1 billion, down from 15 billionaires on the list last year.

But it took a fortune of \$150 million or more — a "sesquicentimillionaire" — to make this year's list, compared with a paltry \$125 million last year.

The total net worth of the 400 Americans is \$125 billion, \$7 billion more than last year and almost equal to the total assets of Citicorp, the nation's largest bank holding company.

The average age is 62, but the rich ranged from 27-year-old Abby Rockefeller Simpson, of New York City, worth \$150 million, to 95-year-old Helen Clay Frick, of Pittsburgh, also worth \$150 million. Both of those fortunes came from inheritances.

New Jersey residents

The assets of each of the six New Jersey residents on last year's list appreciated enough so that they all qualify this year, too. They are:

- Jane Engelhard of Far Hills, in her sixties, widow of metals magnate Charles Engelhard, with an estimated net worth of \$250 million.

- Doris Duke, 71, of Somerville, heiress to her father's fortune as founder of American Tobacco Company, worth approximately \$250 million.

- Grover Connell, 66, of Westfield, president of Connell Rice & Sugar Company, whose fortune is estimated at \$160 million.

- Clarence Douglas Dillon, 75, of Far Hills, former principal in the Wall Street investment firm of Dillon, Read & Company, with an estimated worth of \$150 million.

- Malcolm Austin Borg, 46, of Englewood and Spring Lake, chairman of The Record, whose net worth is placed at \$150 million.

- Malcolm Forbes, 65, of Far Hills, publisher of Forbes magazine, whose net worth is not listed, but has been estimated by others at \$200 million to \$500 million.

Two prominent businessmen who live in New York but whose companies are located in New Jersey also made the list.

The fortune of 82-year-old Milton Petrie, founder of a chain of women's specialty stores based in Secaucus, is estimated to be at least \$610 million, the magazine said.

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Three Bunks in Top 10

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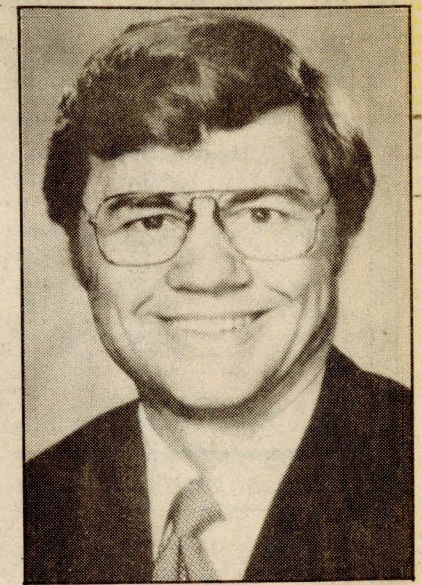
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An Wang

AP photo



Thomas S. Monaghan

UPI photo

Economists are divided

Interest rates to fall, but then what?

Los Angeles Times News Service

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However, economists are divided as to whether the decline will sustain itself over the next year or so. Many economists predict that rates will rebound upward next year, while others believe the rates will continue to fall.

"We are near a turning point" in determining just where interest rates will go in the longer term, said David Wyss, senior vice-president and chief financial economist at Data Resources Inc., a leading economic forecasting company based in Lexington, Mass.

Whether interest rates will rise or fall in the long term "depends on how strong you think the economy will be," and key economic data to be released in coming weeks should provide a much clearer picture, Wyss said.

Some short-term rates, such as for 30-day

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Economists say the recent fall is attributable primarily to the signs of a slowing economy and to perceptions that the Federal Reserve has begun to increase the availability of credit in the banking system, thus easing pressure on interest rates.

Also, the Fed released figures Thursday showing that the money supply in the latest reporting week fell \$2.1 billion, which was more than expected. That increases chances that the Fed will continue to ease up on bank credit, economists say.

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vice-president and chief economist at Shearson Lehman-American Express Inc., suggest that banks' prime lending rate, which is the benchmark rate on which many business loans are based, could fall to 12.5 percent in the next month from the current 13 percent.

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But whether the fall could continue depends largely on economic growth. If growth rises significantly above its current annualized rate of about 3 percent per quarter, inflation would rise too. That in turn would force the Fed to tighten credit, pushing interest rates higher, some economists say.

A stronger economy also would lead to increased business loan demand, which would push rates skyward. Government borrowings to finance the record federal budget deficit also will continue to help push interest rates higher, many economists argue.

One factor that might lead to lower rates is a strike by the United Auto Workers. A major auto strike would depress auto output, which would reduce demand for auto loans.

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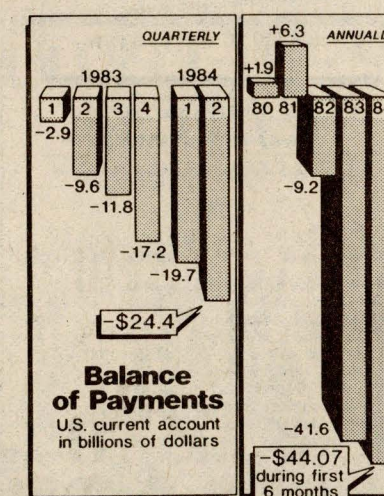
The United States has run a merchandise-trade deficit every year since 1975, but that was usually offset by a surplus in the funds that Americans earned on their foreign investments. The current-account balance had a surplus of \$4.5 billion as recently 1981, but posted a record deficit of \$41.6 billion last year as Americans bought a flood of foreign merchandise.

The merchandise figure for the second quarter this year showed a deficit of \$25.7 billion, little changed from the \$25.9 billion run up during the first three months of the year.

But the surplus in the services account fell from \$8.3 billion in the first quarter to \$3.4 billion in the second quarter.

Analysts blamed this decline on two factors, both related to the strength of the American dollar. The stronger dollar lured record numbers of Americans overseas, a trend

See GROWTH, Page C-16



UPI photo

Briefly

ADP wins \$1M brokerage firm contract

Automatic Data Processing Inc. of Roseland said yesterday that its financial information-services division won a contract from R. Rowland & Co. for the installation of the ADP Financial System One.

The contract, valued at about \$1 million, provides that the company will deliver on-line stock market quotes, financial information and communications services.

R. Rowland is a brokerage firm with headquarters in St. Louis.

Midlantic quarterly dividend up 12½%

Midlantic Banks Inc. of Edison has raised its quarterly cash dividend 12 percent, from 25 cents to 28 cents per share.

The dividend on the company common stock will be payable Oct. 15 to holders of record as of Oct. 1.

Earlier this year, shareholders of the \$6.5-billion organization approved a two-for-one split of the common stock.

Haagen-Dazs to enter Japanese market

A U.S.-made ice cream with a Swedish-sounding name soon will be available in Japan.

Haagen-Dazs Company, the Teaneck-based subsidiary of the Pillsbury Company, said yesterday that it has entered into a joint venture with Suntory, a large Japanese food concern, to produce and sell its namesake ice cream in Japan.

The agreement calls for Takanashi, a leading Japanese dairy, to manufacture the ice cream initially under the supervision of Haagen-Dazs employees from the United States.

Matsushita allots \$10M to fund studies

Matsushita Electric Corporation of America, a major electronics firm, announced in New York Monday the establishment of a \$10-million foundation to fund educational programs in the United States.

Masaharu Matsushita, chairman of the firm and its parent, Matsushita Electric Industrial Company of Japan, said the foundation will be an ongoing symbol of the company's "gratitude and commitment to America."

Robert S. Ingersoll, a former U.S. ambassador to Japan, was named chairman of the foundation. Ingersoll said the foundation would explore the areas of secondary- and college-level curriculum and teaching, leadership training, educational research and training, and international education and language study.

Ingersoll said he expected that the first grants could be made by late spring or early summer next year.

Treasury rates down again

The Associated Press

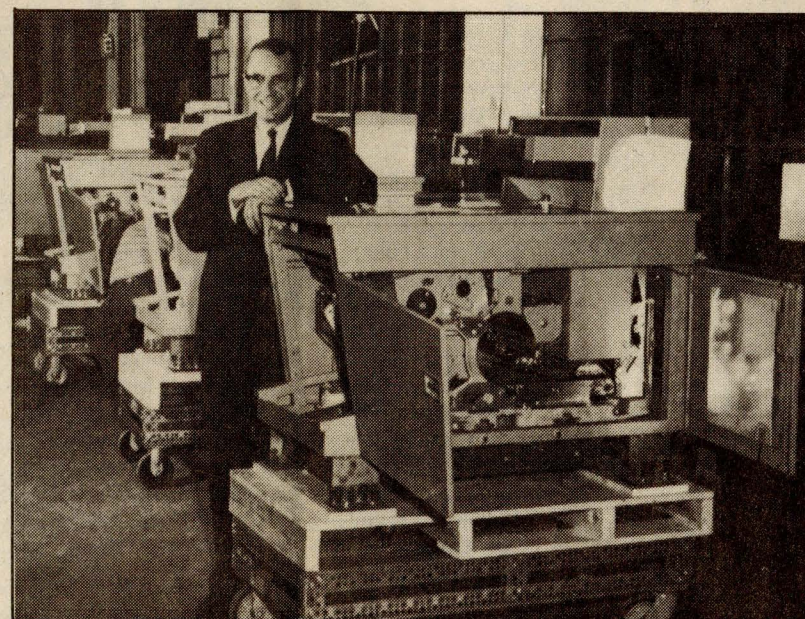
WASHINGTON, D.C. — Yields on short-term Treasury securities declined in yesterday's auctions, marking the second straight week that rates have moved lower.

The government sold \$13.2 billion in new securities. Half the sales were in three-month bills at an average discount rate of 10.33 percent, down from last week's 10.39 percent. The other half were in six-month bills at an average discount rate of 10.40 percent, down from 10.49 percent.

The yields were the lowest since the 10.30 percent of July 23 for three-month bills and the 10.38 percent of May 21 for six-month bills.

The new discount rates understate the actual return to investors — 10.75 percent for three-month bills and 11.13 percent for six-month bills.

The Xerox revolution began 25 years ago



AP photo

The first Xerox copier was rolled off the assembly line 25 years ago this week. Joseph C. Wilson, president of Haloid Xerox Inc. at the time, stood with a Xerox 914, the world's first automatic plain-paper copier.

The Associated Press

WEBSTER, N.Y. — Twenty-five years ago Sunday, a risk-taking company called Haloid Xerox Inc. unveiled a machine that was to change the way the world does business.

The Xerox 914, the world's first fully automatic plain-paper copier, was rolled out for a press showing in New York City Sept. 16, 1959.

The age of carbon paper was about to end. The first flurries of the paper blizzard were beginning to fall. To the amazement of even its inventors, the Xerox 914 became an instant and enduring success.

When the last of more than 200,000 914's rolled off the assembly line in 1969, the renamed Xerox Corporation was climbing the Fortune 500 list, and its lawyers were fighting to keep the trademark Xerox — noun, verb, and adjective — from slipping into the public domain.

In a 1965 cover story on Xerox, Newsweek said the seven-copy-per-minute 914 "may well be the most profitable product ever made."

Xerox stock was among the hottest of all during Wall Street's "Soaring Sixties," once reaching \$267.75 a share. The company's greatest challenge was how to manage its explosive growth.

The imaging process was invented in 1938 by Chester Carlson, a patent attorney who had done the initial experiments in the kitchen of his apartment in New York City.

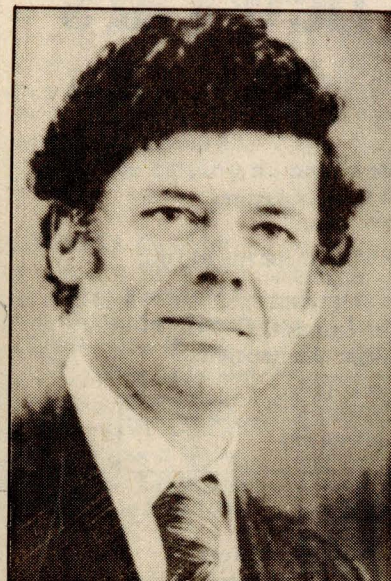
Carlson's search for a company to develop his invention into a commercial product met with scorn or indifference from more than 20 companies.

The Eastman Kodak Company, the NCR Corporation, and the International Business Machines Corporation, among others, decided that xerography was overly complex, had a small potential market, and would cost too much to develop.

The Haloid Company, then a Rochester photographic-paper manufacturer with yearly sales of less than \$7 million, bought rights to commercially develop xerography in 1947. Finally, after \$20 million and 12 years, the 914 was developed.

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Gordon Peter Getty

UPI photo



Henry Ross Perot

AP photo

Magazine lists richest Americans

From Record and wire service reports

NEW YORK — Gordon Peter Getty is the richest person in America again this year, his \$4.1 billion fortune nearly twice that of his nearest challenger, according to Forbes magazine's 1984 listing of the country's 400 wealthiest people.

Getty, 50, of San Francisco, a composer, pianist, and arts patron, doubled his net worth from last year's \$2 billion after selling his family's interest in Getty Oil to Texaco. He is married and has four sons. The son of J. Paul Getty was also No. 1 on last year's list.

Sam Moore Walton, who lives modestly in Bentonville, Ark., hunts quail and drinks his morning cup in a coffee shop, again is the second richest man in America, worth \$2.3 billion. Walton founded and runs the Wal-Mart discount store chain.

The 1984 Forbes 400, due out next week, is the magazine's third annual ranking of individual wealth. It lists 10 men and two women worth more than \$1 billion, down from 15 billionaires on the list last year.

But it took a fortune of \$150 million or more — a "sesquicentimillionaire" — to make this year's list, compared with a paltry \$125 million last year.

The total net worth of the 400 Americans is \$125 billion, \$7 billion more than last year and almost equal to the total assets of Citicorp, the nation's largest bank holding company.

The average age is 62, but the rich ranged from 27-year-old Abby Rockefeller Simpson, of New York City, worth \$150 million, to 95-year-old Helen Clay Frick, of Pittsburgh, also worth \$150 million. Both of those fortunes came from inheritances.

New Jersey residents

The assets of each of the six New Jersey residents on last year's list appreciated enough so that they all qualify this year, too. They are:

• Jane Engelhard of Far Hills, in her sixties, widow of metals magnate Charles Engelhard, with an estimated net worth of \$250 million.

• Doris Duke, 71, of Somerville, heiress to her father's fortune as founder of American Tobacco Company, worth approximately \$250 million.

• Grover Connell, 66, of Westfield, president of Connell Rice & Sugar Company, whose fortune is estimated at \$160 million.

• Clarence Douglas Dillon, 75, of Far Hills, former principal in the Wall Street investment firm of Dillon, Read & Company, with an estimated worth of \$150 million.

• Malcolm Austin Borg, 46, of Englewood and Spring Lake, chairman of The Record, whose net worth is placed at \$150 million.

• Malcolm Forbes, 65, of Far Hills, publisher of Forbes magazine, whose net worth is not listed, but has been estimated by others at \$200 million to \$500 million.

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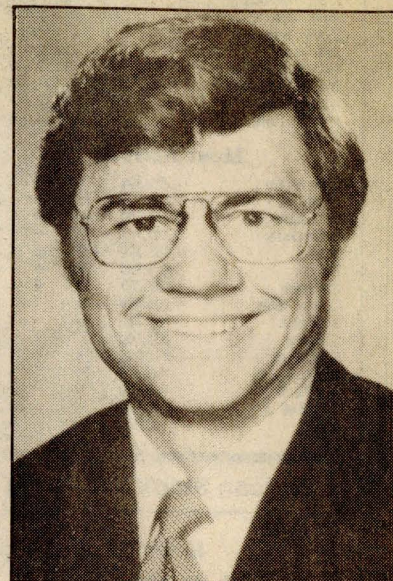
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Thomas S. Monaghan

UPI photo

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\$4,486,513.

In the nine months, operating profits totalled \$4,105,554 compared to \$1,535,251 in 1983. Revenues increased 9.6 per cent in the period to \$173,231,120 from \$158,109,771.

Syms Corp.

LYNDHURST, N.J. (FNS) — Syms Corp. reported earnings gained 40.6 per cent in the third quarter and 24.6 per cent in the nine months ended Sept. 30.

The off-price apparel retailer said profits climbed to \$2,211,000, or 13 cents a share, from \$1,573,000, or 9 cents, for the comparable period last year. Sales grew 18.3 per cent to \$46,513,000 from \$39,315,000.

11/84

BUY AND SELL

Cont. from Preceding Page

on the things it knows best and it has just recently completed a half-billion-dollar modernization and capital expansion program. It hopes to do in Europe what it has done in the U.S.

Q: Then what kind of results can we start looking for?

Komanoff: For the current fiscal year, which ends in September, Becton, Dickinson will have a hangover in the first quarter and possibly the second quarter, and consequently the first two quarters will probably be either flat or somewhat down. Each quarter will show an ascending rate of earnings per share and in the fourth quarter, management tells me that they would not be surprised if those earnings fall into the \$1.05-\$1.15 area, as against 85 cents a year ago. Looking ahead to the 1985 fiscal year, they have thrown numbers at me of a minimum of \$4.15 to as high as \$4.70. At a price of \$35 $\frac{1}{4}$, I sincerely consider this to be one of the best values on the New York Stock Exchange.

Q: If it's all that cheap, is there a takeover potential?

Komanoff: Management is concerned about the fact that if some company found this company attractive in 1978 at a price in the low 50s, it's quite conceivable—and I'm not predicting—that somebody might come along and say, "Well, hell, Becton, Dickinson, a household name, a company like that selling at somewhere around eight or nine times potential 1985 earnings." Management is afraid of another attempt at a hostile takeover.

Q: Irv, isn't the hospital supply business awfully tricky at the moment?

Komanoff: The hospital supply group has been savaged by certain misconceptions in the last 35 or 40 days.

Fraenkel: Misconceptions? Don't you think all of that has anything to do with the impact of Diagnostic Related Groups? Or anything to do with occupancy rates in hospitals being down significantly for the first time in modern experience?

Komanoff: I don't think it's that at all. If the hospital rates are down, they are down very, very minimally. I'm a senior vice president of a hospital in Long Beach, Long Island, and our hospital occupancy rates are running above capacity.

Q: But Irv, occupancy rates are down substantially. And you have a whole different system of payments coming in for Medicare patients.

Komanoff: This is where the misconception is. Becton, Dickinson is still going to sell its hypodermic needles. It's still going to sell its blood collection system. The bottom line is the earnings per share.

Fraenkel: And the multiple you put on them.

Komanoff: What kind of a multiple would I put on? Well, I don't run with the mob and the lunatic fringe which sells these hospital-equipment stocks down to the lowest point in the last four or five years simply because there is a great deal of misconception. If Becton, Dickinson can earn in the 1985 fiscal year, between \$4.15 and \$4.75, I'm quite confident that Becton, Dickinson will sell well above \$50 a share. That is not



Rogers: "There's a whole lot of cotton around, and there's a jiggle going on in the market. Can I say that?"

even taking into consideration the real possibility of the company buying back some of its stock because it has a superb balance sheet, not taking into consideration the possibility that Becton, Dickinson might be faced with a takeover bid, hostile or friendly. I want to go to a few other companies and I don't want to monopolize this.

Q: Please.

Komanoff: The next company I'm going to talk about is Raytheon. Once again, it's a New York Stock Exchange company with a very, very big market. It's a company which has been savaged down to the low 40s. Earnings have been a disappointment because of the problems in their Beech division, a company which they took over three years ago. Raytheon, however, is still a leader in the defense electronics business. It is still an excellently run company, a highly rated company. It has a superb balance sheet.

Q: They'll have flat '83 earnings, no?

Komanoff: The company will come in with earnings in 1983 of about \$3.70 a share, which will be flat with 1982—the first time in many years in which Raytheon has not shown higher earnings. In 1984, they probably will do somewhere around \$4.25, \$4.30 as a minimum. But from a price of \$42 a share, I think this company can show a minimum appreciation into somewhere in the low 50s, or at least 25%. And very little downside risk. There's another stock which I think is even cheaper than Raytheon, though not quite as exciting as Becton, Dickinson, and it's in the retail group. For the life of me, while I've always used the term "lunatic fringe," every time I see it happening I still have to whisper and hold my breath.

Q: Not for too long, we hope.

Komanoff: We've seen here in the past month or so something on the order of a 15%-18% decline in the retail stocks, despite the fact that predictions are that Christmas business will be the best in

five years, or the best ever. Despite the fact that the fourth quarter of the current fiscal year will show earnings increases of 30%-50% over a year ago.

Q: Are you going to tell us the retailer you like?

Komanoff: Here we have a situation where Federated Department Stores has come down from \$68 a share about three months ago, to its current price of \$52, yet Federated will come in this fiscal year, which ends January, with about \$6.15 a share in earnings as against \$4.90 last year. In my opinion it has a good shot at showing a minimum of \$7.05-\$7.20 in the next fiscal year, especially if the business outlook is as bright as Jimmy Rogers and Ellen Harris seem to think it is. I myself am not quite so sure.

Q: Ellen, do you like that stock?

Harris: I think that most of the play is over for the major retailers. They never really go to a premium to the market.

Komanoff: I've heard these clichés about institutions buying the so-called consumer stocks or retail stocks at the early part of the business cycle, and then toward the latter part of the cycle shifting into the so-called capital goods stocks and the heavy industry stocks. Well, they can keep their clichés. Sometime within the next six months, Federated Department Stores, instead of selling at \$52, can very well sell at \$62. That's 10 points on a \$52 investment, or 20%. And that gives me the profit that I think —

Q: Okay! Okay! Uncle!

Komanoff: My last plug is Eli Lilly, which is a company which has been savaged by the Orasflex situation. Eli Lilly is at \$58 a share. It will come in with earnings for 1983 of about \$6.35. The stock is down in the last couple of months from \$68 to \$58. Its basic business, outside of the Orasflex fiasco, will earn in 1984 a minimum of \$6.85.

Q: Again, Irv, there's severe competition

developing in the agricultural and chemical businesses. Are those estimates good?

Komanoff: I think those estimates are good. Eli Lilly still gets close to 70% of its earnings from the health care field. They've got a kicker, this synthetic insulin. Synthetic insulin is what they are really very, very excited about. They have very high hopes for it, and I think the bottom line is attractive.

Q: What about the competition in insulin from Denmark's Novo?

Komanoff: There is competition, of course, but I don't care. The bottom line is still going to be \$6.85.

Q: Irv, what do you like on the short side?

Komanoff: On the short side I like three things. This is the first one where the marketability is not good. There's a company on the New York Stock Exchange which was listed only about four months ago which is called Syms. I hate to do this to Mr. Syms because he's been very generous in supporting some very, very fine programs. He's a sponsor on public television of a number of programs I really enjoy.

Q: Let him advertise in magazines.

Komanoff: However, this has to be an aberration. We've talked about the savaging of the retail stocks. Here is a company, Syms, which went public about four months ago at a price of \$15. The stock is selling around \$17 a share. Last year they earned 42 cents a share, they will probably earn this year about 56 cents a share after a non-recurring charge of somewhere around five or six cents a share for going public.

Q: Syms is an off-price retailer right? Lots of competition.

Komanoff: The price of about 30 times earnings in a business which is fraught with potential competition blows my mind. I just want to quote from the prospectus that was issued by Bear, Stearns when they took Syms public: "The off-price apparel business may become more competitive in the future and greater competition may result in the event of increased use by manufacturers of their own factory outlets."

Now, Syms has been able to buy good branded manufactured items at a price more advantageous than department store chains have been able to buy, and the result is they've been able to offer these good quality branded items at very attractive prices. This has been the basic reason for the progress that Syms has made.

Q: And they have grown.

Komanoff: There has been a certain amount of growth. But at its recent price of \$17 per share, the market is according a valuation to Syms of close to \$300 million as compared to estimated sales for 1983 of \$165-\$170 million. I doubt that there are more than a handful of companies on the New York Stock Exchange that are being valued at almost twice their annual sales.

Q: What else are you short?

Komanoff: I've been shorting Boeing. The stock has had a straight run recently from about \$38 to \$46. Boeing will come in with 1983 earnings of about \$3.65-\$3.75. Best estimates for 1984 are somewhere between \$3.85 and \$4 a share. There's a lot of hoopla attached to the recent sale of planes to Northwest Airlines. Northwest ordered twenty 767s, but it is my understanding that

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thinks that way, why argue with him? It's his opinion.

Neff: I was just asking about his opinion, Irv.

Gabelli: I am an enthusiastic believer that no matter what the business posture of the 'Eighties is going to be, and with strong proponents for cable, etc., that the guys who control software are going to make significant profits. Moving on, last year we recommended Fruehauf, this year we're recommending a company that is the best company in the trailer industry. It is a company that auto analysts and truck analysts don't know. They dominate the industry.

Q: What company are you talking about?

Gabelli: I'm talking about Transway International. Transway is on the New York Stock Exchange, sells at \$35. There are 6.5 million shares, cash and debt are almost equal. I could liquidate the company for \$52 tomorrow. That's their private market value. Earnings on a calendar year basis are \$2.25 for '83, \$4.25 for '84 and \$6 the year after. The company derives the bulk of its earnings from the Great Dane division, which sells refrigeration transport units.

Q: Is it going to be taken over?

Gabelli: Oh, I can't predict that. We get finders' fees for that. The other alternative is that Prudential-Bache could recommend the stock when the earnings are coming through. The trailer business in 1983 will earn \$36 million and that's all cash flow. There's no capital investment. A \$15 million plant can build you \$200 million of assets. They just are the best at what they do. I'd like to add a little bit to what Ellen talked about.

Q: Cable?

Gabelli: Right. I think there is an extra element in the cable area, and that is takeovers. Tele-Communications bought two companies, one the 13th in the industry, the other the 22nd. The players out there are going to be gobbling up and poaching on each other. United Cable Television, which is selling at \$25½ on the New York Stock Exchange and has a private market value of \$35-\$40, will go.

Q: Don't leave us in suspense, Mario. Why the toy truck?

Gabelli: There are a bunch of little companies I like because they are all cap shrinks. I like cap shrinks. Noland, Kerr Glass, Hudson General—which, by the way, I think will triple—Bundy, Tonka, Tech/Ops, and those names I think are exciting stories.

Q: Ah, Tonka. The truck.

Gabelli: Tonka has shrunk its capitalization. The stock is \$21. One million shares. A \$2 million market value, \$28 a share book. The staples in the toy area are booming. Tonka is a great great franchise. It has not been properly managed. The guy running it is a lawyer. He doesn't understand risk-taking and product innovation. Fortunately, like the domestic companies, he's importing cars from Japan. This company could earn \$6 in 1984. They're breaking even now.

Q: A takeover possibility?

Gabelli: Could be. CBS bought Ideal Toy to get an entree into distribution in this consumer area. Someone is going to say, "We need an item in 1984 for \$55 million," they're going to buy this company and get good distribution, a great consumer name, a good product line and earnings.



Rogers: "It's not often they ring a bell, but right now they're ringing a bell in Sweden. I'm short Sweden."

Q: Why do you like capitalization shrinks?

Gabelli: As a methodology of investing, I happen to like what a guy thinks. The insider knows what a company is worth. At Chris-Craft, they bought 10 million shares in the last five years, and they've got six million outstanding. The guy knows that something is worth \$1.50 and he's buying it for \$1. I'm not that smart.

Q: What do you like about Bundy?

Gabelli: Bundy is a very interesting one. They shrank from 4.5 million shares to 3.5 million in the last three years. An auto original equipment company. Dull. They sell tubing that takes fluid from the reservoir in the tank to the front end. Passenger car production will go from 5.2 million in '82 to 7 million in '83 and 8 million in '84. They're flat out, they gained share of market. Everything that's going on in Detroit for the vendors is occurring for this company. They'll have earnings that will go from 89 cents for the year ending July 31, 1983, to \$2.50 this year to \$4 next year. Their book value is \$20. It's an enormous cash generator. They've got a better balance sheet today than when they started. And the family wants to sell. I think they'll find a lot of suitors. Hudson General is another

story. It shrunk from 1.7 million shares to 1.2 million.

Q: Is that the drugstore chain or what? What's Hudson General?

Gabelli: Hudson General is a company that whatever it was before, it will not be in the future. The stock is \$17. They've got about a \$16 or \$17 book. They've taken all of their assets and they've funneled them into one business, an operating business where they service airlines in every way you could imagine. Snow removal at LaGuardia, baggage handling.

Q: Oh, they're to blame!

Gabelli: For the current fiscal year ending in June of 1984, they'll earn \$2 a share from that business. Next year they should do \$3.50, and the following year substantially more than that. If I'm right on the numbers, someone else will discover it a year from now in an ebullient market.

Q: How about Kerr Glass?

Gabelli: The Kerr family took the shares outstanding from 4 million to 2.8 million. Then, last summer, they sold some plants for \$90 million, eliminated all of their debt. I see a leveraged buy-out occurring in this company somewhere around \$22-\$29 in the next 12-18 months.



Komanoff: "The hospital-supply group has been savaged by misconceptions."

Q: Tech/Ops?

Gabelli: Tech/Ops has shrunk the cap from 1.4 million to 850,000 shares. It's selling at \$38 so it's incredibly thin. They have four divisions, all of which are improving in earnings. Their earnings for the fiscal year ending in July '84 will be about \$4. The next year probably \$6. What I like about it is that the division that has been providing all the secular growth in earnings is a medical care company. They provide people that are exposed to radiation with a badge and they monitor the badge and that's been growing at 15% a year in terms of revenues and 20% in earnings. Their other businesses, which are somewhat cyclical, have masked that growth by going from profits to losses, and they are now going to profits again.

Q: You got no shorts, Mario?

Gabelli: No.

Q: In that case, we'll let Irv tell us how to make 50% this year.

Komanoff: I said 35% minimum.

Q: Oh.

Komanoff: Every stock I'm going to talk about is listed on the New York Stock Exchange and has a damned good market with the exception of one short. There is marketability, the names are pretty well known, but the values are very, very good in relation to the current level of the stock market. My first and overwhelming choice, and the stock which will probably make the most percentage appreciation in '84, is Becton, Dickinson, a name with which I'm sure most of you are familiar. Becton, Dickinson has a virtual monopoly on the blood gathering technique, a virtual monopoly in reusable and disposable syringes and needles. It's a company which has changed character drastically in the last year and a half and it is now poised for very, very substantial growth.

Q: How so?

Komanoff: Here are the basic salient features. In 1978, Sun Co. bought about 35% of Becton, Dickinson stock over-the-counter by going to institutions and paying a premium of as much as 25%. Becton, Dickinson has 20 million shares of stock outstanding and Sun Co. bought a total of about seven million shares, a maneuver which Becton, Dickinson was hostile to. They didn't want to be bought out, and they found a legal loophole in which they claimed that the actions of Sun Co. were not in conformity with SEC rules. They went into the courts and they won their case, and the SEC forced Sun Co. to put this seven million shares of Becton, Dickinson into a trust arrangement, and it's still a trust arrangement. So actually there's about 15 million shares of Becton, Dickinson stock outstanding.

After that, management got overly ambitious, and decided to go into lines of businesses which were new to them, though still in the health-care field, and they did not work out. And so in the last year or so, Becton, Dickinson has been ridding itself of these businesses and the result has been severe pretax charges.

Q: They've been hurting.

Komanoff: Becton, Dickinson, which had a superb record of growth for quite a number of years and was regarded as a growth stock, began to show sharply lower figures, starting with the latter part of '82 and '83, primarily because of these nonrecurring charges. Becton, Dickinson is now going to concentrate

Continued on Next Page

UPBEAT USA

THE HUMAN SIDE OF THE NEWS

Generous restaurateur puts on the ritz for winos

NASHVILLE, Tenn. — Roy Hodges, Pat O'Brien, Fritz Givens and a man known only as York smiled as waiters put linen napkins in their laps. In front of each unshaven, unkempt man with bloodshot eyes was a \$150 steak dinner. "We are self-confessed winos," Hodges said. "Make no mistake." The meal was served formally with silver dinnerware and engraved china on a white-clothed table set up outside posh Mario's restaurant. It was provided free by owner Mario Ferrari. "I found these men going through the garbage back here looking for food," Ferrari said. "I thought, 'My God. How terrible.' They deserve a good meal." Ferrari joined his four "new friends" for dinner.

Snake of a different stripe in zoo exhibit

HOUSTON — Distinctive red, yellow and black bands mark the poisonous coral snake that's visible under a log in an enclosed display at the Houston Zoo. But it's a fake snake, a rubber replica. "We have had live snakes in the exhibit," said curator John Donaho, "but they don't do well. They tend to die." Rather than kill snakes, he said, "We put out a rubber one for people to be able to see what they look like." But the display doesn't indicate that the reptile is a dummy, and neither did zoo officials until a visitor noticed the snake hadn't moved in nine months.

Upbeats ...

Doreen Nowlan of Uxbridge, Mass., paid 999 bananas for a 1975 Peugeot after a car dealership advertised it would take fruit in payment. Jim Peltekis of King Ford in Milford, Mass., said the bananas will go to charity and he will go back to strictly cash deals. ... In New York, Michael Jackson's publicist — in a letter to Aldo Cella's publicist — politely declined a proposal for a singing and dancing contest between the rock idol and the TV wine hero. ...

Only in the USA ...

INDIANAPOLIS — Buttons. Buttons. Buttons. Disc buttons, ball buttons, knob buttons. Any kind of buttons ever used to fasten clothing are on display this week at the 47th annual National Button Show. Thousands of wooden, metal, china, porcelain, glass, diamond, ivory, cloth and plastic buttons will be spread out on 1,800 trays in the ballroom of the Atkinson Hotel. The five-day show starts today. It's organized by the 2,000-member National Button Society, which expects 350 collectors to display their buttons in competitions today and Wednesday. A public show is Thursday through Saturday. Button collectors from around the world are here.

Reported by David L. Russell

Continued from 4A

high school or to revamp the city's 3 high schools. A special committee approved \$12,000 for the study.

NEW JERSEY

EAST ORANGE — Man charged in officer's death: Police officer Daniel Smith, 27, was shot to death on I-280. Charged: Douglas Parsons, 27, of New York. Police said Smith was shot with a shotgun at close range. They wouldn't say why Smith had stopped Parsons. ... **MIDDLETOWN TOWNSHIP —** An electrical malfunction caused a barn fire that killed 5 thoroughbreds at Lincroft Farms, fire officials say.

NEW MEXICO

SANTA FE — City hopes to block 67% water rate boost: Mayor Louis Montano will seek an injunction if the Public Service Commission approves a rate increase for Sangre de Cristo Water Co. The city now has the state's highest rates, he said. ... **ALBUQUERQUE —** A tougher car emissions inspection program is planned, city officials said. To be added: diesel-engine cars and all cars built since 1950.

NEW YORK

ROCHESTER — Jury chosen for racketeering trial: The trial of 10 men accused of heading organized crime in the city from 1971 through 1982 is expected to last 2 months. The indictment included 2 murders, 3 attempted murders, attempted arsons and extortion. ... **NEW YORK —** Decisions by doctors and hospitals on whether to resuscitate terminally ill patients must be made openly and be subject to review, says Dr. David Axelrod, state health commissioner. He's studying state actions to protect both doctors and patients. ... Jobs were found for 26,592 low-income city youths this summer, exceeding the

goals of Summer Jobs '84, officials say. An improved economy was credited.

NORTH CAROLINA

RALEIGH — Five ecology groups urge dump cleanups: Support for a bill aimed at cleaning up 31 toxic waste dumps was pushed by conservationists representing 37,000 residents in statewide press conferences.

NORTH DAKOTA

BISMARCK — Oilmen's club rejects women again: A proposal to allow women to join the Dakota Petroleum Club fell 5 votes short of the required two-thirds, club officials say. It's likely women will be allowed to join "in the future," says outgoing President Berk Strothman. ... **FARGO —** The city is experiencing a downtown development boom with projects totaling \$60 million, the city says. Two banks and a hotel top the list.

OHIO

CLEVELAND — Vandals ransack, burn buses: Classes for 800 mentally retarded persons resume today. Classes were canceled Monday after the Cuyahoga County Board of Mental Retardation's 40 buses were vandalized. Three were destroyed. Damage: \$30,000.

OKLAHOMA

OKLAHOMA CITY — Parents' search for son ends: Two-year-old Pepe Sanchez, kidnapped from his front yard Aug. 31, was found unharmed in a motel. Police arrested 3 suspects.

OREGON

SALEM — Students want tougher classwork: A state survey of Oregon high school students shows most support increased math and science re-

quirements. Seventy-five percent back skills tests to graduate. ... **TILLAMOOK —** Fire destroyed 4 downtown businesses. Cause: unknown. Damage: \$1 million.

PENNSYLVANIA

DONEGAL — Jury visits site where 5 died in crash: A mile-long stretch of the Pennsylvania Turnpike was closed while jurors viewed the site of an August 1983 chain reaction collision. Trucker Douglas Greer is charged with 5 counts of homicide by vehicle. ... **HARRISBURG —** Over 4,600 letters urging quick action on a bill to allow wives to charge their husbands with rape were delivered to state Senate Judiciary Chairman Richard A. Snyder. The House-passed measure may not reach the Senate floor this year, he says.

RHODE ISLAND

CRANSTON — Gubernatorial campaign put on hold: Services will be Wednesday for Maria DiPrete, 81, mother of Republican gubernatorial candidate and Cranston Mayor Edward DiPrete. She died Sunday. DiPrete and Democratic challenger, Anthony Solomon, postponed campaigning.

SOUTH CAROLINA

CLEARWATER — Pupils, driver hurt in bus mishap: About 30 middle and high school students and their driver suffered minor injuries when their bus overturned after swerving to avoid an oncoming car, police say. ... **KIAWAH ISLAND —** A new fire station, ladder truck and 2 pumper trucks will be financed with a \$1 million federal loan.

SOUTH DAKOTA

RAPID CITY — Feud triggered shootings, police say: A 6-year-old feud between 2 groups from the Lakota Homes area was responsible for the

wounding of 4 men Saturday, authorities say. Four others are being sought.

TENNESSEE

ATHENS — Agency loses Head Start funding: Progress for People failed to follow guidelines for obtaining preschool program funding, federal officials say. Three other programs were canceled in May because of mismanagement and poor bookkeeping.

TEXAS

WILMER — City may take legal action over dumping: A City Council vote is set today on whether to file suit against Dallas to stop the dumping of lead-laden soil in a nearby landfill. Several city officials and residents have been arrested for blocking the site's entrance. ... **CANYON —** Efforts to save the 75-year-old Randall County Courthouse are faltering, supporters say. They haven't been able to raise \$45,000 needed to study remodeling the building.

UTAH

DRAPER — Security tightened after escapes: State prison workers now must wear uniforms. In 5 months, 4 inmates escaped wearing employees' civilian clothes.

VERMONT

MONTPELIER — Jobless rate nears record low: The state's 4.1 percent unemployment rate in August is the lowest since September, 1979, when it was also 4.1 percent. The rate has not been lower than 4.1 percent since 1969, when the annual jobless rate was 3.2 percent.

VIRGINIA

SOUTH HILL — Crime scene will be trial scene: Some of 15 inmates charged after an Aug. 4 hostage incident

will be tried at Mecklenburg Correctional Center, officials say. Reason: complaints of abusive language directed at residents by inmates awaiting trial at the courthouse. ... **FAIRFAX —** A jury acquitted weapons salesman Gary Fadden, 35, of murder in the Feb. 26 machine-gun slaying of William Hamilton. Fadden, claiming self-defense, said Hamilton had chased him 17 miles after a traffic dispute.

WASHINGTON

SEATTLE — Cause of woman's death withheld: An autopsy on a body found near the sites of where 26 Green River killing victims were dumped showed the woman died 3 to 6 months ago. Police said they can't determine if the victim, who body was found by deer hunters, is No. 27.

WEST VIRGINIA

MANNINGTON — Coal stockpiling brings layoffs: Consolidation Coal Co. laid off 220 miners in its northern West Virginia district, 206 of them here. Company officials blamed market conditions. Utilities have stockpiled coal, anticipating a strike in 2 weeks.

WISCONSIN

MILWAUKEE — MECCA ponders new arena: The Milwaukee Exposition, Convention Center and Arena board is expected to vote Wednesday on whether to study building a downtown sports arena. The board envisions an arena costing up to \$45 million with 22,000 seats.

WYOMING

CHEYENNE — These justices don't need law degrees: Justices of the peace don't have to be lawyers, the state Supreme Court ruled. Appeals to "law-trained" judges in district courts provide due process, the majority said.

Estimated worth of USA's 400 richest

The third annual list of the USA's 400 richest people was released Monday by *Forbes* magazine. (Stories, 1A, 2A)

Name	Age	City	Minimum worth	Name	Age	City	Minimum worth	Name	Age	City	Minimum worth	Name	Age	City	Minimum worth
Gordon Peter Getty	50	San Francisco	\$4.1B	Lewis Rudin	57	New York City	\$350M	Liliana G. Raines	70s	Beverly Hills, Calif.	\$225M	Philip Hampson Knight	46	Beaverton, Ore.	\$150M
Sam Moore Walton	66	Bentonville, Ark.	\$2.3B	Peter Stephen Kalikow	41	New York City	\$350M	Burton G. Betti	70s	Beverly Hills, Calif.	\$225M	Meshulam Riklis	60	New York City	\$150M
David Packard	72	Los Altos Hills, Calif.	\$1.8B	Luigino Francesco Paulucci	66	Sanford, Fla.	\$350M	Roy Edward Disney	54	Los Angeles	\$220M	Frank Batten	57	Virginia Beach, Va.	\$150M
Henry Ross Perot	54	Dallas	\$1.4B	Dwight Lyman Stuart	60	Los Angeles	\$350M	Ben H. Carpenter	60	Dallas	\$220M	Edwin Clairborne Robins	74	Richmond, Va.	\$150M
Nelson Bunker Hunt	58	Dallas	\$1.4B	Kirk Kerkorian	67	Los Angeles	\$350M	Leonard S. Skaggs	61	Salt Lake City	\$220M	Jack N. Mandel	72	Shaker Heights, Ohio	\$150M
Margaret Hunt Hill	69	Dallas	\$1.4B	John H. Krehbiel Sr.	78	Downers Grove, Ill.	\$345M	Howard Vollum	71	Portland, Ore.	\$220M	Joseph C. Mandel	70	Lyndhurst, Ohio	\$150M

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Caroline H. Schoellkopf	61	Dallas	\$1.3B	Clinton Manges	61	Freer, Texas	\$325M	Steven P. Jobs	29	Los Gatos, Calif.	\$210M	Morton Lee Mandel	63	Shaker Heights, Ohio	\$150M
An Wang	64	Lincoln, Mass.	\$1.2B	Leon Hess	69	New York City	\$320M	William M. Davidson	61	Detroit	\$210M	William Francis Farley	41	Chicago	\$150M
David Rockefeller	69	Tarrytown, N.Y.	\$1B	Gerrish Hill Miliken	67	Greenwich, Conn.	\$300M	Sy Syms Merns	58	Lyndhurst, N.J.	\$210M	Anne Windforth Sowell	45	Fort Worth, Texas	\$190M
William Herbert Hunt	55	Dallas	\$1B	Ernest Gallo	75	Modesto, Calif.	\$300M	Dominique de Menil	75	Houston	\$200M	Stanley Stub Hubbard	51	St. Mary's Point, Minn.	\$190M
Philip F. Anschutz	44	Denver	\$1B	Julio Gallo	74	Modesto, Calif.	\$300M	Armand Hammer	86	Los Angeles	\$200M	James Emmett Evans	84	Dade City, Fla.	\$185M
Marvin Davis	58	Denver	\$1B	William Coburn Cox Jr.	53	London	\$300M	Alfred D. Goldman	46	Oklahoma City	\$200M	Edmund Newton Ansin	48	North Miami	\$185M
William R. Hewlett	71	Portola Valley, Calif.	\$920M	Jane Cox MacElree	55	Newtown Square, Pa.	\$300M	Monte Henry Goldman	49	Oklahoma City	\$200M	George Kozmetsky	66	Austin, Texas	\$185M
Harry Brakmann Helmsley	75	New York City	\$900M	Leonard Marx	80	Scarsdale, N.Y.	\$300M	Ewing M. Kaufman	68	Kansas City, Mo.	\$200M	Charles Allen Jr.	81	New York City	\$183M
Donald Joyce Hall	56	Mission Hills, Kan.	\$750M	John Werner Kluge	70	Charlottesville, Va.	\$300M	Max Palevsky	60	Beverly Hills, Calif.	\$200M	Herbert Allen	76	New York City	\$183M
Michel Fribourg	71	New York City	\$750M	Roy Michael Huffington	66	Houston	\$300M	Joseph A. Albertson	78	Boise, Idaho	\$200M	Herbert Anthony Allen	44	New York City	\$183M
Samuel I. Newhouse Jr.	56	New York City	\$750M	Abby Milton O'Neill	56	Oyster Bay, N.Y.	\$300M	Robert Rich Sr.	71	Buffalo, N.Y.	\$200M	William Myron Keck II	42	Los Angeles	\$180M
Donald Edward Newhouse	55	New York City	\$750M	Ray Lee Hunt	41	Dallas	\$300M	Charles B. Benenson	71	New York City	\$200M	Frederick Wallace Smith	40	Memphis, Tenn.	\$180M
Laurance S. Rockefeller	74	Tarrytown, N.Y.	\$700M	Jack Parker	69	New York City	\$300M	Robert Olnick	69	Palm Beach, Fla.	\$200M	Floyd Roger Hardesty	46	Tulsa, Okla.	\$180M
Samuel Jayson LeFrak	66	New York City	\$700M	Larry Fisher	60s	New York City	\$300M	Stanley Stahl	60	New York City	\$200M	Athalie Irvine Smith	51	Middleburg, Va.	\$180M
Barbara Cox Anthony	61	Honolulu	\$700M	Zachary Fisher	60s	New York City	\$300M	Joseph M. Davidowitz	55	Lawrence, N.Y.	\$200M	Sol Price	68	La Jolla, Calif.	\$180M
Anne Cox Chambers	64	Atlanta	\$700M	William Clay Ford	59	G. P. Shores, Mich.	\$300M	Robert A. Lurie	55	San Francisco	\$200M	Josephine Clay Ford	61	Grosse Pointe, Mich.	\$170M
John T. Dorrance Jr.	65	Gladwyne, Pa.	\$675M	Paul Jr. and William Block*	NA	Toledo, Ohio	\$300M	Robert S. Howard	59	Rancho Santa Fe, Calif.	\$200M	Williametta Keck Day	68	Reno, Nev.	\$160M
Edgar Miles Bronfman	55	New York City	\$675M	Gerald Douglas Hines	59	Houston	\$300M	Thomas Mellon Evans	74	New York City	\$200M	Ruth Ray Hunt	67	Dallas	\$175M
Warren Edward Buffett	54	Omaha, Neb.	\$665M	William Bernard Ziff Jr.	53	New York City	\$300M	Peter Sharp	54	New York City	\$200M	Ruth June Hunt	40	Dallas	\$175M
Milton Petrie	82	Southampton, N.Y.	\$610M	Wilton Robert Stephens	76	Little Rock, Ark.	\$300M	Chapman Shaw Root	59	Ormond Beach, Fla.	\$200M	Helen Hunt Hendrix	35	Dallas	\$175M
Perry Richardson Bass	69	Fort Worth, Texas	\$600M	Jackson Thomas Stephens	61	Little Rock, Ark.	\$300M	Richard Jerome O'Neill	61	S.J. Capistrano, Calif.	\$200M	Swanee Hunt (Weeks)	34	Denver	\$175M
Sid Richardson Bass	42	Fort Worth, Texas	\$600M	Gordon Earle Moore	55	Santa Clara, Calif.	\$300M	Alice O'Neill Avery	67	West Los Angeles	\$200M	Seymour Milstein	64	New York City	\$175M
Edward Perry Bass	39	Fort Worth, Texas	\$600M	Walter Herbert Shorestein	69	San Francisco	\$300M	Gordon Barton McLendon	63	Lake Dallas, Texas	\$200M	Paul Milstein	61	New York City	\$175M
Robert Muse Bass	36	Fort Worth, Texas	\$600M	Albert B. Alkek	73	Victoria, Texas	\$300M	Thomas S. Monaghan	47	Ann Arbor, Mich.	\$200M	William Arthur Fickling Jr.	52	Macon, Ga.	\$175M
Lee Marshall Bass	28	Fort Worth, Texas	\$600M	John Lee Cox	59	Midland, Texas	\$300M	Arthur Ivar Appleton	68	Chicago	\$200M	Sheldon H. Solow	40s	New York City	\$175M
Paul Mellon	77	Upperville, Md.	\$600M	Leonard Samuel Shoen	68	Las Vegas, Nev.	\$300M	Robert Einar Petersen	58	Beverly Hills, Calif.	\$200M	Ray Stark	67	Holmby Hills, Calif.	\$175M
Stephen D. Bechtel Sr.	84	San Francisco	\$600M	Carlton Beal	68	Midland, Texas	\$300M	Mortimer B. Zuckerman	47	New York City	\$200M	John Earl Fetzer	83	Kalamazoo, Mich.	\$175M
Stephen D. Bechtel Jr.	59	San Francisco	\$600M	Sydney Mark Taper	82	Los Angeles	\$300M	Dolph Briscoe Jr.	61	Uvalde, Texas	\$200M	August Christopher Meyer	83	Champaign, Ill.	\$175M
Jane Bancroft Cook	72	Cohasset, Mass.	\$600M	Carl Henry Lindner II	65	Cincinnati	\$275M	Robert C.J.E.S. Guccione	52	New York City	\$200M	Ernest Walter Hahn	65	Rancho Santa Fe, Calif.	\$175M
Jack Kent Cooke	71	Middleburg, Va.	\$600M	Roy Hampton Park	74	Ithaca, N.Y.	\$275M	Stephen Muss	56	Miami Beach	\$200M	Ben Hill Griffin Jr.	73	Avon Park, Fla.	\$175M
Samuel Curtis Johnson	56	Racine, Wis.	\$600M	Alexis Felix du Pont Jr.	78	Wilmington, Del.	\$275M	Jack Monteith Berry Sr.	67	Winter Haven, Fla.	\$200M	Leonard Litwin	60s	New York City	\$175M
William H. Millard	52	Oakland, Calif.	\$600M	Alice Francis du Pont Mills	71	Hobe Sound, Fla.	\$275M	Francesco Galesi	52	New York City	\$200M	James Landon Knight	75	Miami	\$175M
Edward Lewis Gaylord	65	Oklahoma City	\$600M	Helena Allaire du Pont	60s	Chesapeake City, Md.	\$275M	Harold Clark Simmons	53	Dallas	\$200M	John Cornelius Dempsey	70	Delaware, Ohio	\$175M
Curtis Leroy Carlson	70	Minneapolis	\$600M	Betsy C. R. Whitney	76	Manhasset, N.Y.	\$275M	Robert Rulph Carpenter Jr.	69	Montchanin, Del.	\$200M	Ruth Chandler von Platen	87	San Marino, Calif.	\$170M
William W. Caruth Jr.	72	Dallas	\$600M	William Randolph Hearst Jr.	76	New York City	\$260M	William Kemble Carpenter	65	Boca Raton, Fla.	\$200M	Harrison Gray Chandler	81	Arcadia, Calif.	\$150M
George P. Mitchell	65	Houston	\$590M	Randolph Apperson Hearst	68	Hillsboro, Calif.	\$260M	Irene Carpenter Draper	73	Montchanin, Del.	\$200M	Daniel James Terra	73	Chicago	\$170M
Laurence Alan Tisch	61	Rye, N.Y.	\$550M	David Whitmire Hearst	NA	Beverly Hills, Calif.	\$260M	Jake Louis Harmon Jr.	82	Dallas	\$200M	William Zimmerman	64	Huntington Beach, Calif.	\$170M
Preston Robert Tisch	58	Harrison, N.Y.	\$550M	Howard Brighton Keck	71	Los Angeles	\$260M	Clarence Scharbauer Jr.	59	Midland, Texas	\$200M	Arthur Charles Nielsen	64	Winnetka, Ill.	\$170M
Leonard Norman Stern	46	New York City	\$550M	William Baron Hilton	56	Los Angeles	\$260M	Norton Winfred Simon	77	Los Angeles	\$200M	Albert Lee Ueltschi	67	Greenwich, Conn.	\$170M
Arthur Bejer Belfer	77	New York City	\$550M	Charles Henry Dyson	75	New York City	\$250M	Kenneth W. Ford	76	Roseburg, Ore.	\$200M	Seymour Durst	71	New York City	\$167M
Edward John DeBartolo	66	Youngstown, Ohio	\$550M	Morton K. Blaustein	57	Baltimore	\$250M	Marc Rich	50	Zug, Switzerland	\$200M	Roy Durst	65	Scarsdale, N.Y.	\$167M
Winthrop P. Rockefeller	36	Winrock Farm, Ark.	\$550M	Ruth Blaustein Rosenberg	85	Baltimore	\$250M	Charles B. Pennington	83	Baton Rouge, La.	\$200M	David Durst	59	Chappaqua, N.Y.	\$167M
Joan Beverly Kroc	56	La Jolla, Calif.	\$525M	Henry A. Rosenberg Jr.	54	Baltimore	\$250M	Robert Freeman Weis	65	Sunbury, Pa.	\$200M	W. Duncan MacMillan	54	Wayzata, Minn.	\$167M
Daniel Keith Ludwig	87	New York City	\$500M	Victor Posner	66	Miami Beach, Fla.	\$250M	Henry Ford II	67	Palm Beach, Fla.	\$200M	John Hugh MacMillan III	56	Fort Lauderdale, Fla.	\$167M
Forrest Edward Mars Sr.	80	Las Vegas, Nev.	\$500M	Vivian Leatherberry Smith	76	Houston	\$250M	Fred Charles Trump	78	New York City	\$200M	Marion MacMillan Pictet	51	Geneva, Switzerland	\$167M
Forrest Edward Mars Jr.	53	McLean, Va.	\$500M	Patrick Joseph McGovern	47	Nashua, N.H.	\$250M	Anne P. Sidamon-Eristoff	52	New York City	\$150M	Whitney MacMillan	55	Minneapolis	\$167M
John Franklin Mars	49	Arlington, Va.	\$500M	David B. Shakarian	70	Pittsburgh	\$250M	Clarence Douglas Dillon	75	Far Hills, N.J.	\$150M	Cargill MacMillan Jr.	57	Minneapolis	\$167M
Henry Lea Hillman	65	Pittsburgh	\$500M	James R. Cargill	61	Minneapolis	\$250M	Ezra Khedouri Zilkha	59	New York City	\$150M	Pauline MacMillan Keinath	50	unknown	\$167M
Abram Nicholas Pritzker	88	Chicago	\$500M	Margaret Cargill	64	La Jolla, Calif.	\$250M	Virginia McKnight Binger	68	Wayzata, Minn.	\$150M	Seward Prosser Mellon	42	Ligonier, Pa.	\$167M
Jay Arthur Pritzker	62	Chicago	\$500M	William S. Paley	83	New York City	\$250M	Charles Alden Vose Sr.	83	Oklahoma City	\$150M	Richard Prosser Mellon	45	Ligonier, Pa.	\$167M
Robert Alan Pritzker	58	Chicago	\$500M	Marshall V. Field	43	Chicago	\$250M	Charles Alden Vose Jr.	40	Oklahoma City	\$150M	Cassandra Mellon Milbury	44	Ligonier, Pa.	\$167M
Lamar Hunt	52	Dallas	\$500M	Frederick Woodruff Field	32	Los Angeles	\$250M	Irene du Pont Jr.	64	Wilmington, Del.	\$150M	Leonard Davis	60	New York City	\$160M
Trammell Crow	70	Dallas	\$500M	Ted Arison	60	Miami Beach, Fla.	\$250M	Irene Sophie du Pont May	84	Wilmington, Del.	\$150M	Charles H. Murphy Jr.	64	El Dorado, Ark.	\$160M
Donald Leroy Bren	52	Newport Beach, Calif.	\$500M	Paul Kalmanovitz	78	Tiburon, Calif.	\$250M	M. L. du Pont Greenewalt	82	Greenville, Del.	\$150M	Alex Manoogian	83	Taylor, Mich.	\$160M
Alfred A. Taubman	59	Bloomfield Hills, Mich.	\$500M	Melvin Simon	57	Indianapolis	\$250M	C. S. du Pont Darden	80	Norfolk, Va.	\$150M	Edward Wyllis Scripps	75	Charlottesville, Va.	\$160M
Leslie Herbert Wexner	47	Columbus, Ohio	\$500M	Laszlo Nandor Tauber	69	Potomac, Md.	\$250M	E. F. du Pont Rust	77	Thomasville, Ga.	\$150M	Nathan Cummings	87	New York City	\$160M
David H. Murdock	61	Bel Air, Calif.	\$500M	Seymour Cohn	73	New York City	\$250M	Marianna du Pont Sillman	73	Montchanin, Del.	\$150M	B. Ray Thompson	77	Knoxville, Tenn.	\$160M
Jack Richard Simplot	75	Boise, Idaho	\$500M	Howard Kaskel	47	New York City	\$250M	O. M. du Pont Bredin	71	Greenville, Del.	\$150M	Grover Connell	66	Westfield, N.J.	\$160M
Richard Mellon Scaife	52	Shadyside, Pa.	\$500M	Marshall Edison Rinker	79	Palm Beach, Fla.	\$250M	Lucile Evelina du Pont Flint	68	Greenville, Del.	\$150M	Kenneth Stanley Adams Jr.	61	Houston	\$160M
O. Wayne Rollins	72	Atlanta	\$500M	Doris Duke	71	Somerville, N.J.	\$250M	John Wilmer Galbreath	87	Columbus, Ohio	\$150M	Bernard H. Mendik	55	New York City	\$160M
John Murdoch Harbert III	62	Birmingham, Ala.	\$500M	Jane Engelhard	60s	Far Hills, N.J.	\$250M	Daniel Mauck Galbreath	56	Columbus, Ohio	\$150M	Clifford Markkula Jr.	42	Woodside, Calif.	\$160M
Allen E. Paulson	62	Savannah, Ga.	\$480M	Donald W. Reynolds	78	Fort Smith, Ark.	\$250M	John D. Rockefeller IV	47	Charleston, W.Va.	\$150M	Helen Clay Frick	95	Pittsburgh	\$150M
Malcom Purcell McLean	70	New York City	\$475M	Dorothy Stimson Bullitt	92	Seattle	\$250M	Sandra Ferry	49	Cambridge, Mass.	\$150M	Howard Phipps Jr.	50	Westbury, N.Y.	\$150M
Walter H. Annenberg	76	Wynnewood, Pa.	\$450M	Miles Collier	37	Naples, Fla.	\$250M	Hope Aldrich Rockefeller	46	Woodstock, Vt.	\$150M	Robert Shelton	48	Kerrville, Texas	\$150M
Henry Crown	88	Chicago	\$450M	Oakleigh Blakeman Thorne	52	Millbrook, N.Y.	\$250M	Alida Rockefeller Dayton	35	Minneapolis	\$150M	Belton Kleberg Johnson	54	San Antonio, Texas	\$150M
Lester Crown	59	Chicago	\$450M	Louis Larrick Ward	64	Kansas City, Mo.	\$250M	Rodman Clark Rockefeller	52	New York City	\$150M	Edwin Carl Whitehead	65	Greenwich, Conn.	\$150M
Roger Milliken	68	Spartanburg, S.C.	\$450M	Clint William Murchison Jr.	61	Dallas	\$250M	Ann C. Rockefeller Roberts	50	New York City	\$150M	Malcolm Austin Borg	46	Englewood, N.J.	\$150M
Charles C. Gates	63	Denver	\$450M	Pierre Samuel du Pont III	73	Rockland, Del.	\$250M	Steven Clark Rockefeller	48	Middlebury, Vt.	\$150M	John Herald Johnson	66	Chicago	\$150M
Sol Goldman	67	New York City	\$450M	M. B. du Pont Faulkner	77	Boston	\$250M	M. C. Rockefeller Morgan	46	New York City	\$150M	Fitz Eugene Dixon Jr.	61	Lafayette Hill, Pa.	\$150M
Harry Weinberg	76	Honolulu	\$450M	Edith du Pont Pearson	72	Montchanin, Del.	\$250M	Laura Simpson Thorn	30	Bedford Hills, N.Y.	\$150M	Lew R. Wasserman	71	Beverly Hills, Calif.	\$150M
Cyril Wagner Jr.	50	Midland, Texas	\$450M	Willis Harrington du Pont	48	Palm Beach, Fla.	\$250M	Abby Rockefeller Simpson	27	New York City	\$150M	Robert H. Kieckhefer	66	Prescott, Ariz.	\$150M
Jack Brown	58	Midland, Texas	\$450M	Richard Marvin DeVos	58	Ada, Mich.	\$250M	Timothy Mellon	42	Manchester, N.H.	\$150M	Maurice Larry Lawrence	58	San Diego, Calif.	\$150M
Henry Earl Singleton	67	Los Angeles	\$450M	Jay Van Andel	60	Ada, Mich.	\$250M	Catherine Mellon Conover	48	Washington, D.C.	\$150M	John Brooks Fuqua	66	Atlanta	\$150M
Henry John Heinz II	76	Pittsburgh	\$440M	John William Berry	61	Dayton, Ohio	\$250M	Bettina Bancroft	43	Los Angeles	\$150M	Alex Gus Spanos	61	Stockton, Calif.	\$150M
August Anheuser Busch Jr.	85	St. Louis	\$425M	Robert Winship Woodruff	94	Atlanta	\$250M	Hugh Bancroft III	35	Newport Beach, Calif.	\$150M	James LeVoy Sorenson	63	Salt Lake City	\$150M
Ted Turner	45	Marietta, Ga.	\$400M	Katharine Graham	67	Washington, D.C.	\$250M	Christopher Bancroft	33	Denton, Texas	\$150M	Generoso Paul Pope Jr.	57	Manalapan, Fla.	\$150M
Donald John Trump	37	New York City	\$400M	Kenneth William Davis Jr.	58	Fort Worth, Texas	\$250M	Kathryn Bancroft Kavadas	32	Newton, Mass.	\$150M	Yoko Ono	51	New York City	\$150M
Joe Lewis Albritton	59	Houston	\$400M	Thomas Cullen Davis	50	Fort Worth, Texas	\$250M	Harold Farb	61	Houston	\$150M	James Stanley Gilmore Jr.	58	Kalamazoo, Mich.	\$150M
Cordelia Scaife May	56	Ligonier, Pa.	\$400M	Elbridge Hadley Stuart Jr.	67	Bellevue, Idaho	\$250M	Orvon Gene Autry	77	Los Angeles	\$150M	Dorrance Hill Hamilton	56	Stratford, Pa.	\$150M
Saul Phillip Steinberg	45	New York City	\$400M	Sigfried Weis	68	Lewisburg, Pa.	\$245M	Lawrence Arthur Wien	79	New York City	\$150M	Hope Hill van Beuren	50	Middletown, R.I.	\$150M
Arnold Bernhard	82	Westport, Conn.	\$400M	Leon Levine	47	Charlotte, N.C.	\$235M	Ivan Frederick Boesky	47	New York City	\$150M	Tristram C. Colket Jr.	46	Paoli, Pa.	\$150M
Robert Orville Anderson	67	Roswell, N.M.	\$400M	Estee Lauder	79	New York City</									

Off-pricers Step Into National Arena

Off-price selling radically altered the way Americans shop. Now it's the chains' turn to change.

It's a familiar market story: The pioneers grow rapidly, followed by an influx of newcomers, and the survival of well-financed, committed retailers.

It happened 100 years ago to department stores, 10 years ago to discounters. Now it's happening to off-pricers. It's clear that the rapid growth rate of the early 80's has slowed, and a few newcomers such as Dayton Hudson's Plums and Gap Stores' Taggs bit the dust.

Jeff St. Clair, off-price specialist at The Doody Co., based

in Columbus, figures the off-price sector grew at a 20% annual rate to \$10 billion in 1984, but sees that slowing to 15% to 16% per year for the rest of the decade. That would still bring the off-price sector to a \$24 to \$25 billion channel of distribution, one that will grow faster than discount stores (4% to 5%) and department stores (8% to 10%), in St. Clair's view.

Even with the deceleration in growth, no one doubts the continued appeal of off-pricers to consumers. What is in doubt is whether any one chain can successfully grow beyond the size that allows it to adhere to a basic formula of buying closeouts for a few stores in a regional trading area.

Marvin Blumenfeld, president of April-Marcus and a 30-year off-price veteran, points out, "When you have 10 stores you can run around the market and fill them up. When you have 100 stores, that's a pretty big big mouth to feed. You have to buy assortments and plan your inventory just like any other big retailer."

In fact, off-pricers such as Marshalls rely on closeouts for only a portion of their merchandise needs. A jobber who works frequently with the chain and asked not to be identi-

Leading Off-price Retailers

(List does not include mfg.-owned factory outlets)



1983 Rank	Company	1982 Sales (000 omitted)	1982 Stores	1983 Sales (000 omitted)	1983 Stores	% Sales Change
1	Marshalls	\$ 829,900	137	\$1,061,500	174	+ 27.9
2	T. J. Maxx ¹	330,617	86	444,500	118	+ 34.4
3	Loehmann's ¹	260,000	61	290,000	67	+ 11.5
4	Hit or Miss	190,000	264	267,000	356	+ 40.5
5	Burlington Coat*	130,517	31	220,300	42	+ 68.8
6	Pic-A-Dilly/ It's-A-Dilly ¹	206,000	254	212,000	253	+ 2.9
7	Syms	147,181	11	179,231	11	+ 21.8
8	Filene's Basement	118,000	9	151,200	14	+ 28.1
9	T. H. Mandy ¹	77,810	13	85,000	16	+ 9.2
10	Ross Stores	15,000	6	80,000	26	+ 433.3
11	J. Brannam	85,000	30	71,000	38	- 16.5
12	The Clothes Time	45,969	98	68,360	125	+ 48.7
13	The Dress Barn**	32,474	49	43,705	70	+ 34.6
14	NBO	36,000	12	43,000	13	+ 19.4
15	Cohoes Specialty Stores	30,000	2	40,000	2	+ 33.3
16	Off the Rack	35,635	72	33,162	61	- 6.9
	Totals	2,570,103	1,135	3,289,958	1,386	+ 28.0

¹APPAREL merchandising estimates
*For fiscal year ended Oct. 31

**For fiscal year ended July 31
Source: APPAREL merchandising research

fied said, "Closeouts aren't even half of what they buy. They go to manufacturers very early with cash and they get special cuttings. They also do their own label and some importing. When you're their size, you need a more reliable system for merchandise than what you can scrounge up in the market."

The issue of supply for off-pricers is confusing at best. Mainstream branded manufacturers say one thing and do another. Mike Feinstein of Bounty Trading, a New York-based jobber, observes, "A retailer with ready cash who wants Arrow or Van Heusen has no trouble dealing directly with the manufacturer. The function of diverting isn't necessary."

Apart from mainstream brands, however, there may indeed be a case of too many buyers chasing too few goods. As Plums discovered in its short life span, a steady flow of upscale merchandise can't be assured. And when a chain's aspirations are national, as was the case with Plums, the dilution of the basic concept during rollout presents a fundamental problem and one Dayton Hudson chose not to tackle.

Trying to grow beyond an established trading area can also be a painful process. Not only are the logistical and buying needs more complicated, but off-pricers rely on a reputation for value so consumers will travel to a new location. The reputation can be transported, but it's not automatic.

Take Loehmann's, a retailing legend in New York. It's first move outside the trading area to Florida succeeded in large part because so many Floridians were ex-New Yorkers and aware of Loehmann's reputation. But as parent Associated Dry Goods has tried to expand Loehmann's into markets where the goodwill has to be built from scratch, it has found the going tougher.

The supply issue also comes into play when an off-pricer has to react quickly to a shift in consumer tastes and finds the department stores getting deliveries first.

Stanley Ruttstein, president of Hit or Miss, notes, "We had a tough third and fourth quarter for a number of reasons." Key among them was that classics which had been popular for the past few years "hit the wall." Now that the store has beefed up more trendy offerings, first quarter has

picked up, he adds.

It remains to be seen just how national a *true* off-price operation can become. Clearly, there is no formula for buying all branded merchandise and selling it below suggested retail on a coast-to-coast basis. In effect, the larger chains become, the more they are forced to dilute the basic concept.

There are off-pricers who believe they can do it. Don Rowlett, president of Ross Stores, is regarded as having one of the hottest chains in the business. While his short-term expansion plans are still regional, he admits, "Our format doesn't have limits on a rollout."

As off-pricers work out the riddles of expansion, they'll face a tougher fight from the rest of the retail community. A large part of the deceleration in growth must be attributed to other retailers incorporating off-price strategies into their own plans.

Department stores, initially stung by the success of off-pricers in the sportswear business, are now fighting back.

They've started to take more markdowns up front to compete on value. Part of their game plan includes mixing branded merchandise with higher priced private label goods, thus enhancing the value of branded merchandise. There's no doubt that on the sportswear front, where service requirements are minimal, department stores have regained the initiative.

Consider Macy's. "Every brand has its own department in Macy's," points out Ira Maltzman, gmm of Adams Warehouse. "They surround every brand with their own labels. Also, they bought very aggressively this year in the sportswear business."

If department stores are squeezing the off-pricers at one end, the outlet malls are squeezing on the other. "We are all a little afraid," says Marvin Blumenfeld, president of April-Marcus.

Freehold, N.J., which boasts outlets from Anne Klein and Van Heusen among others, is an example of an upscale outlet mall that uses a lifestyle approach to attract affluent shoppers. Manufacturers have learned that the factory store doesn't have to be the side door to a plant. And, there is remarkable drawing power in these centers. Hank Bunell, president of Sweaters Plus in Freehold, N.J., says a week doesn't go by that he doesn't deposit checks from Connecticut, Washington, D.C., and Pittsburgh.

The likelihood of outlet malls becoming stronger competition is a certainty. According to a survey by the Abacus Group, a mortgage banking firm for developers, the Midwest and East Coast already have 35 factory outlet malls in excess of 150,000 sq. ft. and 40 more of that scope are planned.

Competition increasingly comes from other off-pricers. Positioning is becoming more and more a factor in off-pricers' thinking.

Mel Schneck, senior vp of U. S. Shoe, the parent of T. H. Mandy, observes, "The off-pricers have had a problem recently. The field is a little more crowded and the department stores are counterpunching better. The field is being segmented into price dimensions now."

Conceding that Mandy has difficulties adjusting to a tougher marketplace, Schneck notes, "The new management is getting its act together. We've broadened the mix from pure sportswear to add dresses, suits and accessories."

Other off-pricers believe that specialization is the answer. In the men's clothing business, the battle is already over and the off-pricers have won. "Any classification where service is a factor will be viable for off-pricers," maintains Blumenfeld.

Two facts everyone agrees on are that there really is no single formula for success and off-price is still going to be a fast, but overcrowded arena.

The marketplace has been irrevocably changed by the off-pricers, but those very changes have become the weapons the competition is using to fight back. It's clear that the rest of the 80's will see stiffer competition among off-pricers and more effective retaliation from traditional retailers. **Am**

Who Buys Off-Price?

People with lots of money to spend and who are smart enough to know a good bargain when they see one, buy off-price.

That's what Iris Ellis, president of Save On Shopping, concluded from a mailing to 10,000 customers that garnered 700 responses. Compared to 19% of national population, Ellis says 48% of the respondents had household incomes over \$35,000. While 57% were college graduates, only 17% of the population are graduates. Mature women are far and away the biggest buying group by age. The 41-50 age group garnered 23% of the sample; 15%

nationally. The 51-60 age group was 28% of the survey, only 13% nationally.

Rating what they liked about off-price shopping, the respondents said, in order: low price; good quality; name brands; good value; current fashion; convenience; sales help and attractiveness. The complaints were poor selection; poor value; junky stores; poor quality merchandise; lack of convenience; unknown brands and out-of-date merchandise.

Concludes Ellis, "The off-price shopper is the experienced woman shopper who knows when she's getting a good deal."

dising, with retailers keeping a hungry eye on both the baby-boomer's pocketbook and his desire for upscale merchandise.

The only potential downtrend, according to one retailer, is in computer specialty stores. "As computers move toward becoming a mature product category," he says, "there will be a shakeout of the less experienced retailers, and the business will be left to the traditionally talented merchandiser." □

Commitment keys variety store gains

For those committed to the variety store, 1983 was a good year.

Woolworth, the largest chain with 1,230 domestic units, benefited from a full year of commitment as the only general merchandise chain in the corporate portfolio of F. W. Woolworth. With the demise of Woolco in late 1982, topsiders devoted time, energy and money to new concepts for the variety units.

They paid off with an 18.2% earnings increase generated by just a 6.7% sales boost. The chain devised prototypes for its diversified store sizes and began a department by department planogram process.

McCrory continued its opportunistic growth pattern by picking up 12 Rasco stores last year and 17 Neisner stores this year. Sales increased 7.6% while operating income skyrocketed by 56.6%.

At T.G. & Y., G. C. Murphy, Duckwall-ALCO and K mart, however, variety stores have been relegated to attrition status. When leases come due more often than not the stores have been shuttered. T.G. & Y. closed nearly 90 stores last year. Murphy's variety stores slipped in sales 0.1%. At Rose's, all but two of the chain's 55 variety stores were sold to Variety Wholesalers.

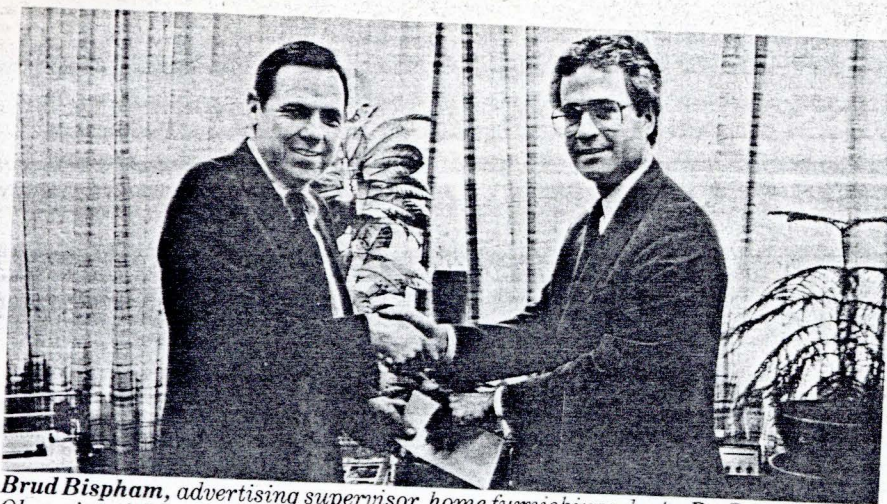
Two quasi-variety-discount chains turned in some of the best gains of '83. Family Dollar rang up a 47% increase in net income on 27.5% higher sales, while Dollar General's 33.5% profit gain came from a 19.5% sales jump. □

Top 100 chain stores, 1983

Rank	Company	1982 Sales (000 omitted)	1982 Stores	1983 Sales (000 omitted)	1983 Stores	% Sales change
51	Pay 'n Save (Seattle)	\$ 444,512	80	\$ 502,432	85	+13.0
52	Fedco (Santa Fe Springs, Calif.)	402,236	8	500,000	8	+24.3
53	The Gap (San Bruno, Calif.)	444,929	545	480,515	550	+ 8.0
54	Heck's (Charleston, W. Va.)	399,283	96	435,056	122	+ 8.9
55	General Mills (Minneapolis)	429,100	241	430,000	222	+ 0.2
56	Jamesway (Secaucus, N.J.)	332,513	68	416,773	78	+25.3
57	Pamida (Omaha)	350,000	166	406,000	164	+16.0
58	Woodward & Lothrop (Washington, D.C.)	357,539	16	403,601	16	+12.9
59	C. R. Anthony Co. (Oklahoma City)	396,000	296	396,000	289	N/C
60	Consumers Distrib. (Edison, N.J.)	309,013	N/A	369,661	134	+19.6
61	Dollar General (Scottsville, Ky.)	290,069	883	346,655	1,184	+19.5
62	Carson Pirie Scott (Chicago)	323,414	24	343,000	24	+ 6.0
63	Brooks Fashion (N.Y.)	211,540	500	336,325	616	+59.0
64	Time Square (Brooklyn)	301,000	21	328,000	20	+ 8.9
65	Zody's (L.A.)	352,000	50	321,000	41	- 9.6
66	Duckwall-ALCO (Abilene, Kan.)	216,283	114	317,065	160	+46.6
67	Schottenstein Stores (Columbus)	273,995	26	316,941	31	+15.7
68	Liberty House (Hawaii)	310,264	65	303,716	58	- 2.1
69	Elder-Beerman (Dayton)	262,228	197	289,228	206	+10.3
70	Spencer Gifts (Pleasantville, N.J.)	247,566	435	287,948	435	+16.3
71	Oshman's (Houston)	247,264	180	283,238	186	+14.5
72	SE Nichols (N.Y.)	262,000	42	282,600	42	+ 7.9
73	Family Dollar (Charlotte, N.C.)	207,419	529	264,440	635	+27.5
74	Prange (Prangeway) (Green Bay)	221,840	64	255,000	72	+14.9
75	Hess's (Allentown, Pa.)	215,000	29	253,885	29	+18.1
76	D. H. Holmes (New Orleans)	240,716	29	253,844	37	+ 5.4
77	Glosser Bros. (Gee Bee) (Johnstown, Pa.)	223,752	51	252,880	37	+13.0
78	Higbee (Cleveland)	215,193	12	245,592	11	+14.1
79	Charming Shoppes (Bensalem, Pa.)	174,272	298	238,298	366	+36.8
80	Miller Wohl (Secaucus, N.J.)	222,375	310	236,764	350	+ 6.5
81	B. Altman (N.Y.) ³	210,000	6	235,000	6	+11.9
82	Pic 'N Save (L.A.)	177,738	80	227,130	85	+27.8
83	Grand Central (Salt Lake City)	256,000	32	223,841	30	-12.6
84	Burlington Coat (Burlington, N.J.)	130,517	31	220,300	42	+68.8
85	Fisher's Big Wheel (New Castle, Pa.)	193,000	69	215,000	70	+11.4
86	Jacobson Stores (Jackson, Mich.)	189,277	18	213,048	19	+12.6
87	Bi-mart (Eugene, Ore.)	186,831	30	207,180	33	+10.9
88	Bergners (Peoria, Ill.)	182,000	25	205,000	25	+12.6
89	Ann and Hope (Cumberland, R.I.)	185,000	5	205,000	6	+10.8
90	Lionel Leisure (Philadelphia)	210,893	56	198,233	56	+ 6.4
91	The Price Company ² (San Diego)	114,259	7	198,196	11	+73.5
92	Jewelcor (Wilkes-Barre, Pa.)	189,000	25	195,000	24	+ 3.2
93	Howland-Steinbach, Hochschild Kohn (Woodbridge, N.J.)	185,000	38	193,000	37	+ 4.3
94	J. Byron's (Miami)	168,400	43	187,900	48	+11.6
95	Pier 1 Imports (Fort Worth)	165,300	274	186,300	246	+12.7
96	Bosco's (Reading, Pa.)	165,000	9	186,000	10	+12.7
97	Godchaux/Maison Blanche (Baton Rouge)	155,800	6	182,100	6	+16.9
98	Wieboldt Stores (Chicago)	179,138	14	181,404	13	+12.6
99	Syms (N.Y.)	147,181	11	179,231	11	+21.8
100	Younkers (Des Moines)	166,638	29	179,000	29	+ 7.4
Totals		\$144,569,991	159,204	\$163,858,527	165,146	+13.3

Divisional totals are not duplicated in the tabulation of United States general merchandise chain totals. ¹U.S. only. ²General merchandise sales only. ³Divisional sales estimated.

Source: Chain Store Age research/annual reports



Brud Bispham, advertising supervisor, home furnishings dept., Du Pont, receives Olympics tickets from **Michael Bailenson**, CSA publisher. Bispham won the round-trip in a recent CSA advertisers' contest.

Off-pricers lead way in TV ads

Off-price retailers were among the fastest-growing television advertising categories in 1983, according to the New York-based Television Bureau of Advertising (TBA). TV advertising expenditures for the apparel discounters topped an estimated \$26.6 million, a 70% increase over the \$15.7 million spent in 1982.

Leading television advertiser in the off-price field was New Jersey-based Burlington Coat Factory with TBA-estimated spending of \$5,195,400, a 72% jump from 1982 expenditures of \$3,028,600.

Other leaders were Melville subsidiary Marshall Inc., at \$4,492,400, up 76%, and Hercules division Kuppenheimer Factory Stores.

TV budgets soar at Plums, Brannam

	1982	1983	% change
Burlington Coat Factory	\$3,028,600	\$5,195,900	+ 72
Marshall Inc. (Melville)	2,547,700	4,492,400	+ 76
Kuppenheimer Factory Stores (Hercules)	2,501,700	4,472,200	+ 79
T. J. Maxx (Zayre)	1,616,200	1,838,300	+ 14
Shoe Town (Felsway)	863,500	1,622,900	+ 88
J. Brannam (Woolworth)	261,600	1,612,200	+ 516
National Brands Outlet	1,035,800	1,526,300	+ 47
Syms	1,610,300	1,514,100	- 6
Linen's 'n Things (Melville)	655,200	1,102,100	+ 68
Plums (Dayton Hudson)	11,400	834,800	+ 7,223
Front Row (U.S. Shoe)	—	614,900	—
Fashion Gal (Apparel Industries)	413,300	378,400	- 8
Ross Stores	—	306,700	—
Dress Barn	137,600	236,800	+ 72
Filene's Basement (Federated)	356,600	200,600	- 44

Source: Television Bureau of Advertising, from analysis of Broadcast Advertisers Reports data

In comparison, local TV advertising by clothing stores rose 21% in 1983, while department and shoe store broadcast ads were each up 16% over 1982.

*J. Brannam president Ted Bierman, whose Woolworth division posted a 526% increase in 1983, confirms television's vital role in the off-pricer's media mix.

"We consider the electronic medium important to our business and have slanted more of our advertising into it," says Bierman.

INDIANA JONES

LICENSEES

APPAREL/ACCESSORIES

- J. B. Stetson Company (212) 223-1218
- Lee Company, a Division of Lee Byron Corp. (212) 244-4440
- Uniprints, A Division of Union Underwear Company, Inc. (502) 731-6400
- Wilker Brothers Company, Inc. (212) 564-7690

HOME TEXTILES

- The Bibb Company (212) 354-6300

HOUSEWARES

- King-Seeley Thermos Company (203) 887-1671

PREMIUM/PROMOTIONS

- J. M. Smucker Company (216) 682-0015
- Procter & Gamble (513) 562-2497
- Seven-Up U.S.A., Inc. (314) 889-7777

PUBLISHING AND MUSIC

- Ballantine Books (212) 751-2600
- Disneyland-Buena Vista Records (818) 840-1000
- Marvel Comics Group (212) 696-0808

- Polygram Records (212) 399-7100
- Paradise Press (203) 426-0400
- Random House, Inc. (212) 751-2600

STATIONERY AND GIFTS

- American Publishing Corporation (617) 926-1800
- Faber-Castell Corporation (201) 484-4141
- Sales Corporation of America (415) 896-0707
- Stuart Hall Company, Inc. (213) 724-4061
- Topps Chewing Gum, Inc. (212) 768-8900

TOY AND JUVENILE PRODUCTS

- Bradley Time Company (212) 243-0200
- LJN Toys (212) 243-6565
- TSR, Inc. (414) 248-3625

MISCELLANEOUS

- Atari, Inc. (408) 745-2000

ration may need the funds to finance research, expand facilities or launch new marketing campaigns. In addition, the founders and early investors often want to get cash in return for some of their holdings. If the firm has good potential or a good product, it has usually already attracted the attention of investment bankers, who aggressively seek out prospects to earn the profits that come from underwriting the initial public offering. Says Chairman Thomas Unterberg of New York City's L.F. Rothschild, Unterberg, Towbin, a leader in new issues: "Getting there first is very important. The firm

that gets the deal is usually the one that got there first and then spent the most time."

Since most of the big investment banking firms are based in New York, while many of the promising new companies are in Northern California's Silicon Valley, minidramas of the new-issues scene are often played out on the long flights from New York to San Francisco. Well-appointed investment bankers heading out to call on clients stretch out in first class. Farther back in the cabin, rumpled entrepreneurs, tired from a day trying to raise money, punch away at their

calculators. Occasionally the coach passengers glimpse a bright future ahead. Well before Zitel, a small computer-memory company, went public last month, President Robert Welch was overheard confiding to a colleague on a flight, "I can smell the Ferrari now."

Once a decision is made to go public, the company founders sit down with investment bankers to decide how much money they want to raise and how much of the corporation they want to sell to the public. The calculations are based on experience and intangibles: the expected future value of the company and its prod-

DIANA WALKER



founding partner of San Francisco's Kleiner, Perkins, Caufield & Byers, he has since 1972 managed four venture-capital funds that have invested \$80 million in 65 companies, including Genentech, a leader in genetic engineering, and Tandem Computers, a rising manufacturer of large mainframe machines. The original \$200,000 that Perkins' firm put into Genentech is worth \$60 million today, while its \$1.5 million stake in Tandem has grown to \$250 million. Like many venture capitalists, Perkins often helps run the companies he invests in. He is chairman of the board of Genentech and Tandem.

An M.I.T.-trained electrical engineer with a Master's in business from Harvard, the Illinois-born Perkins went west 27 years ago to work at Hewlett-Packard, the Palo Alto, Calif., electronics firm. In 1966 he took \$15,000 that he and his wife had been saving to buy a house and invested it in University Laboratories, a Berkeley, Calif., laser company. That stake returned \$2 million and launched Perkins' career as a venture capitalist.

Perkins lives with his wife and two children in a spacious 1920s-vintage house overlooking San Francisco Bay. Most weekends he putters in his garage or enters one of his roadsters in a classic-car show. He may risk his capital on the newest computer technology, but he invests his passion in mechanical relics of an earlier age. "I don't turn on to the latest electronic gadget," he says. "I turn on to older, non-electrical things."

William Hambrecht: Green Thumb. Hambrecht feels a great sense of accomplishment when he picks a bunch of ripe, juicy Zinfandel grapes from his 140-acre vineyard in Sonoma County, Calif., or clips a dazzling orchid in his San Francisco greenhouse. "I like to grow things," he says.

Among the things Hambrecht, 48, grows best are seedling companies. As a general partner in San Francisco-based Hambrecht & Quist, he has nourished several electronics firms in the fertile fields of Silicon Valley, including Convergent Technologies and VLSI. Unlike most other investment companies, Hambrecht & Quist will do it all for clients: provide venture capital, underwrite stock issues and lend management help.

Hambrecht & Quist oversees seven venture-capital funds with total assets of more than \$350 million. Clients range from institutional investors such as Yale University and American Express Co., which must chip in at least \$1 million, to wealthy individuals, who put up \$150,000 or more. The first fund, started in 1970 with \$3.5 million, is worth more than \$100 million. In the first half of 1983, Hambrecht & Quist had a hand in underwriting 26 stock issues worth \$1.3 billion. Hambrecht is a director of eleven companies, including People Express, the discount airline, and NBI, which makes word processors.

In 1968 Hambrecht, a Princeton graduate who grew up on Long Island, N.Y., was a discontented broker working in the San Francisco office of Francis I. du Pont & Co., a now defunct New York City investment firm. One evening he stopped for a drink at the Kona Kai Club in San Diego with George Quist, a friend who was a venture-capital specialist for Bank of America. After commiserating a while over the excessive caution of big companies and consuming two bottles of wine, Hambrecht and Quist decided to launch their own venture-capital fund.

Today Hambrecht & Quist has a staff of 350 in five U.S. offices and one in London. That is big enough, insists Hambrecht: "I have no desire to be a Merrill Lynch or E.F. Hutton." Since Quist's death in 1982 at age 58, from a heart attack, Hambrecht has had to shoulder a greater burden at the top.

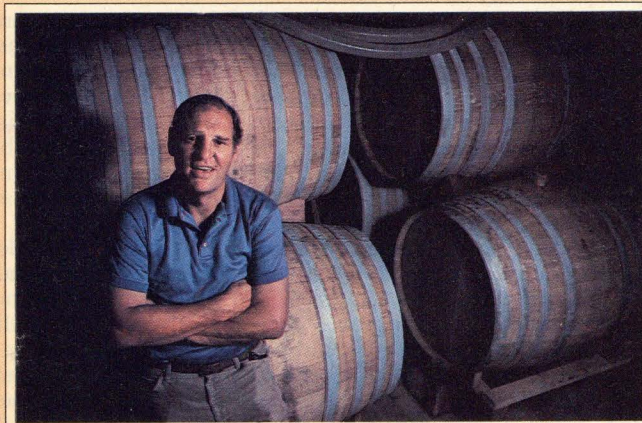
A millionaire many times over, Hambrecht has personal stakes in numerous firms. But no sooner does he make money on a stock than he risks it again. "I'm a hopeless addict to investing in early-stage companies," he says. "I once had a stock that paid a dividend, and I hated it."

Married, with five children, Hambrecht lives in an Edwardian-style home in San Francisco's opulent Pacific Heights district. In recent years he has begun diverting some of his attention, and money, to Democratic politics. A major backer of Presidential Candidate Alan Cranston of California, Hambrecht explains that in politics, as in business, he has "a natural affinity for the underdog."

—By Charles P. Alexander.

Reported by Michael Moritz/San Francisco and Adam Zagorin/New York

WALKER



Economy & Business

ucts and the market performance of similar companies.

Then comes the crucial job of figuring out the price to put on the stock. To give the new company a blue-chip image, investment bankers initially try to keep the range between \$10 and \$25 per share. If the price is set too high, the stock will be shunned. If it is fixed too low, the shares will be sold out immediately, but the company and its backers will raise less money.

The next stage is to draw up a preliminary prospectus, a comprehensive definition of a company, which will be shown to investors and the Securities and Exchange Commission. Often running to 40 or more pages of closely spaced lines, the prospectus is drafted by battalions of underwriters, accountants and lawyers who battle over clarity and nuance, spending hours quibbling over key phrases. By law, the prospectus must disclose information about competition and potential risk. It must also show the anticipated financial gain of the early backers. Sample from the Compaq prospectus: "The personal-computer industry is highly competitive and has been characterized by rapid technological advances. Products are vulnerable to early obsolescence."

Weeks before the issue of stock, company officials usually embark on exhausting road shows, making presentations and explaining the virtues of their firms to investors in both the U.S. and Europe. The SEC, though, bars them from making any earnings projections.

When a hot new company finally goes public, ordinary investors typically have little chance to buy the initial shares. Enthusiasm for the company is usually so intense that the underwriter can dispose of all the stock by parceling it out to longtime friends and favored customers. The public is normally able to participate only when the stock is resold on the open market.

The public may be lucky not to be in on the early sale. Stock strategists often recommend that investors wait several weeks before buying a new issue. That gives time for the euphoria surrounding the offering to wear off and for the price to stabilize. Ronald Smolin, president of Philadelphia's American Investor Information Services, warns investors to watch out for new stock offerings that are touted too highly. Says he: "A sense of accomplishment and success has always driven mankind forward, but so too has greed."

The prices of young, unproven companies can be driven up wildly by enthusiastic investors. Apple Computer zoomed from \$22 to \$29.25 during its first day of trading, while Genentech went on a heart-stopping ride from \$35 to \$88. But stock prices can plunge just as fast, erod-

ing the paper profits of founders and frightening ordinary investors. Genentech subsequently fell back and is now selling for \$38.75. Shares in Victor Technologies, a California-based desktop computer maker, are today worth less than one-fifth of the price at which they were offered in March. The paper fortune of Founder Charles Peddle, once worth \$24.3 million, has shrunk to \$4.7 million.

The founders of some companies can even find themselves out in the cold. Fortune Systems Chairman Gary Friedman was suddenly worth \$26.2 million when his firm, which makes office computers, went public last March. But the compa-

price clothing stores mostly in the Northeast, cashed in some \$33 million worth of shares when his company went public in September, and his stock holdings are estimated at more than \$110 million. Because of concerns about his safety, Merns refuses to allow himself to be photographed, even though he appears in his own television commercials.

Sometimes such fears are unfortunately justified. Gulfstream Aerospace Founder Paulson's son Michael, 28, was ambushed by two men in front of his Savannah home one night last month. The younger Paulson pulled out a .22-cal., two-shot derringer magnum and killed one of the men. The second was arrested shortly afterward. Police recovered handcuffs, a gag and a tape cassette with a message requesting \$1.2 million in ransom.

A few overnight multimillionaires, though, revel in their new prominence. Apple Computer Co-Founder Steven Jobs, who is now worth about \$185 million, has toyed with the idea of going into politics and was seen escorting Actress Diane Keaton to a Manhattan disco. When Altos Computer Systems Founder David Jackson began counting his wealth in nine figures, he turned up at the Kentucky Derby with then Governor John Y. Brown and was a guest at a San Francisco reception for Queen Elizabeth II.

Even such pleasant distractions, however, can often become troublesome. "It's easy to get sucked away from running the company," says Allen Michels, whose stock was worth \$11.5 million when Convergent Technologies went public in 1982. "Politicians come knocking on the door; donations are sought from charities you never heard of; friends you've forgotten about come out of the woodwork; former adversaries become intimates." Observes Financier William Hambrecht, co-founder of Hambrecht & Quist, a San Francisco venture-capital and investment-banking firm: "Most of

the guys who have failed are the ones who stopped listening and got carried away with their own ego. All of a sudden they became folk heroes and started to believe their own public relations."

In this sense, success can be as difficult to handle as failure. "It can lead to complacency, which blunts the ability to perceive new opportunities," says John Kao, a psychiatrist who teaches at Harvard Business School. "The money tends to put you in a different peer group, creating a sense of isolation and the need to seek others who are equally successful. Some rich people feel only they can understand each other."

Occasionally the byproducts of sudden wealth are tragic. The public sale of Eagle Computer stock in June made President



Lotus' Mitchell Kapor can juggle more than cubes

After it goes public, everything changes for firm and founders.

ny's products encountered problems, and in October Fortune's directors forced Friedman to resign as chairman and leave. Last week the fiery Jack Tramiel, who founded Commodore, the home-computer maker, abruptly quit. He had taken the firm from sales of about \$50 million in 1977 to more than \$1 billion last year.

Company founders fortunate enough not only to reap but also to keep their winnings sometimes find the attention they receive to be unsettling. The new multimillionaires begin to worry about kidnap attempts on themselves and their families. They erect security fences around their homes, install elaborate burglar alarms and buy faster cars. Sy Merns, founder of Syms, a chain of eleven off-



How To Make Millions With A Good Idea

Sy —
Nice article
about a
nice guy —
Best keywords —
Michael

An Interview with Sy Syms,
Chief Executive Officer, Syms Corporation, Secaucus, New Jersey



Sy Syms

EDITORS' NOTE

When Sy Syms opened the first Syms in 1960 in lower Manhattan, he revolutionized the concept of off-price clothing stores. "I knew there was a need for someone to handle the distressed merchandise of national brands," he says today. Now Syms, chief executive officer of Syms Corporation, a publicly traded company, operates 40 stores in 16 states and will soon open two more in Toronto. In considering his competition, although he admits they have "outgrown us" in numbers of stores, he compares the size of his gross volume to theirs and says proudly, "We compare favorably to any of them."

Syms was born in Brooklyn, New

COMPANY BRIEF

Syms Corporation, headquartered in Secaucus, New Jersey, was begun in 1960. Sy Syms went on to popularize the concept of "off-price" clothing stores and the tag line "An Educated Consumer is Our Best Customer."[®] Today, Syms is a publicly traded company (SYM) and operates a chain of 40 retail stores in 16 states offering designer and brand-name labels at prices substantially below those of department and specialty stores.

York, and attended New York University, majoring in broadcasting. After working as a sportscaster in Maryland and West Virginia, he returned to New York and joined his brother in the family retail business. He left to open his own store in 1960. Syms uses his own voice on all the radio and TV commercials broadcast by Syms Corp. in all 19 of its markets. And he and his wife have a radio program in New York City that Syms says "is just for fun." In 1986, he established the Sy Syms School of Business at Yeshiva University, which he calls "my biggest accomplishment." A former competitive tennis player, Syms has now "found the treadmill," which he does seven days a week. "I love it," he says. "It helps circulation, if nothing else."

Syms stores sell more nationally and internationally known brands than any store in the world, but you never say which brands. How did you come up with this idea?

It didn't start out as an esoteric idea. It started out with me, the father of six children, working for my brother in the clothing business, owning no part of the business and wanting to make a living for myself. After seven years, it became difficult to stay there — not so much monetarily, but because I was so unhappy with my brother, who browbeat me a lot.

So I opened around the corner from him. From the beginning, I knew there was a need for someone to handle the distressed merchandise of national brands. It wasn't so much that the customer had to love my product going in. My connection was getting involved with the brands. Then, one or two years after we started, I opened another store in Miami, of all places, because I could buy summer merchandise from my vendors in July and August, when my competition wasn't interested. I would sell it in New York until September and then ship it down there.

It was the relationship with the vendor that really made whatever success we had. That's why, for most of these vendors, the value of their trademarks — what

those names mean to the public — is the lifeblood of their company. To this day, I have never advertised those names, because it might hurt them. If I put in the newspaper that I'm selling a \$100 item for \$59, I'm establishing a \$59 price for that item, when the reality is, it's a \$100 item. So I can't mention names in the paper, which is why newsprint doesn't have much value for my company. All I can say is "famous maker" or something like that. And in the years I was starting in business, much bigger people were saying "famous maker." We started in a small store in lower Manhattan. That was 1960.

You're selling \$2,000 brand-name suits for a fraction of the cost. You're selling some pretty expensive things.

Today, if it's actually a \$2,000 suit, we try to sell it for \$800. I don't think we can do better than that. We have also learned through the years that, for the success of the company, we have to watch our margins. Some of our competitors have outgrown us dramatically. They have outgrown us in numbers of stores. But, when comparing the size of our gross volume to the size of their gross volume, we compare favorably to any of them.

You're in every state of the union except one.

Right, we're not in California. We're not past the Rockies, really. The farthest west we are is maybe Dallas, Fort Worth, Houston or St. Louis, but we haven't gone west of the Rockies, as yet.

How about the rest of the world?

I don't see it. Maybe in the future, but not during my lifetime.

We will be in one other country. We're definitely going to open two stores in Toronto, Canada. Syms is already a household word in Toronto, because we've had a store in Buffalo, New York, for the last 20 years and have been on television in the area. But we have no stores in Toronto right now. So it's on the company drawing board.

What about competition from Asia?

What competition?

They're importing name brands and manufacturing from Europe and the United States.

A Japanese fellow came here wanting to open a Syms in Tokyo, but the names he wanted – designers like Gianfranco Ferre and Gianni Versace – give us goods only twice a year. He thinks he can exist on their distressed merchandise, overproduction, etc.

So the Japanese don't have an understanding of it, and we're not sure those folks would like an off-price store in Tokyo. There's no real competition off-shore on a retail level. I think they compete within their own nation.

Where did the slogan "An Educated Consumer is Our Best Customer"® come from?

Oddly enough, it came from me. Syms didn't do any advertising until 1968 or 1969. We thought we couldn't afford it. But, by a coincidence, I found a way. A friend of mine had a TV show, I gave him some gift certificates for his guests, and I had a free spot. I didn't have an agency at that time, but since I had a broadcast background – I spent two years as a sportscaster in Maryland and West Virginia – I wrote a 60-second spot. I went to NBC studios on a Sunday morning and shot the commercial live. So I found a way to advertise my company, but only in broadcast media.

It was about six months later that I came up with "An Educated Consumer is Our Best Customer"® – "educated" meaning they know the brand name. Once they know the brand name, they know if they're getting a bargain.

You believe Syms exists to help the industry, not just the consumer?

If we closed all our stores tomorrow, it would take consumers half an hour to find a new place. On the other hand, our vendors would be hard pressed to replace us. Some of them in the tailored-clothing industry might even go bankrupt. So one of the real reasons for our existence is to back the clothing industry of Europe and the United States.

You're in almost all the TV commercials shown around the United States, in all major markets except the West Coast. You've become a celebrity, and people all over know you are Syms. Is it fun?

I've always enjoyed the recognition. It's never been burdensome to me.

You get the best seats in all the best restaurants.

I guess so, but thank heaven we eat in a lot.

Two percent of your sales are in ancillary products like leather and fragrances. Do you plan to expand those fields?

Yes, definitely, with more basic items. We're giving more space to famous-designer, small-leather products. We're carrying colognes quite a bit more than we used to and selling quite a bit more than

we used to. So accessories, fancy scarves and items like that have been doing well.

You're a public company?

Yes, we have been for 12 years. I have six children, and when I went public, I gave 5 percent to each. So I had 70 percent. And we sold 20 percent at opening, which means there was no float, what Wall Street calls "a float" – shares that can be sold – on our stock. Today, our stock probably has a 28 to 30 percent float, but 22 percent of it is owned by institutions that hold for a long time. Nine percent is owned by a single Wall Street firm, and there's only 28 percent out there. So we haven't been a heavily traded stock through the years.

What are you going to do with the company after you're gone?

My daughter Marcy is in line to take over.

She's president now?

She's president and chief operating officer. Then I have two sons: My son Steven is head of men's tailored clothing, and my son Robert is head of real estate.

Understand, just by osmosis, Syms has become a rather large real-estate company through the years. We own 23 of our 40 stores – the land and the buildings. We have no mortgages on any of the properties, so they're tremendous fixed assets. That's also not what Wall Street likes to see. They would rather you rent wherever you go, not put your dollars into land and buildings. But this was just a way I enjoyed running the company through the years. I suppose Wall Street would call us a quasi-public company.

It's not bad for your estate?

No, I've planned for my estate to go into a foundation.

So that's how you've figured out how to leave the money you're worth without taxing your children?

Yes, my children are wealthy in their own right. I've transmitted enough money during my lifetime, so there's no obligation after I'm gone to take care of anybody, except my wife, of course. But the entire amount is going into a foundation that was formed some 10 years ago.

What does the foundation do?

It basically backs education. We built a business school at Yeshiva University in New York, an accredited undergraduate school of business, and today we have 550 students. That's probably my biggest accomplishment.

Was there ever a time that things looked chancy – like you might go out of business?

No.

Never?

Never in 35 years.

At this stage of your life – you're in your late sixties – you don't have to work anymore, but you do.

Yes, I really enjoy it. I don't work much more than three days a week, sometimes four, and I can cut it down to two, which I'll do. The company had some

problems in 1992-94; thank heaven they were taken care of and things are going smoothly again! I never want to retire, but I'd like to work fewer days.

How has the retail environment changed from the time you started 37 years ago?

Dramatically, very dramatically, with regard to the name-brand business. Famous names have opened their own retail outlets, very much like 25 years ago in Europe. I never thought that would come to America, but it has. Ralph Lauren has maybe 70 or 80 outlets of his own, and Calvin Klein, Donna Karan, all of them have stores today throughout the United States.

In the beginning, when I saw this evolving, I thought those outlets would use up the inventory, so there wouldn't be any left for me. I was completely wrong. Since they had 80 new stores, they had to produce more goods, so we got more than ever. The distribution of labels has changed today, so that Bloomingdale's carries Ralph Lauren while the Ralph Lauren flagship store is just 10 blocks away. That wouldn't have happened 20 years ago. The only reason my company went to midtown Manhattan recently was this dramatic change in label distribution and retail structure, especially in the clothing industry.

How do you see retailing in the future?

It's up to the real-estate propositions. Our five-year plan is about opening new stores in new locations. However, we will not open if we don't get a distressed real-estate proposition. In other words, if it's not a terrific deal on either rent or purchase, we're not opening. We won't be pushed into opening stores.

You're not only an entrepreneur, you're also a clever businessman in coming up with the idea, marketing it, and then purchasing the real estate and building up equity.

Yes, well, it's reached a point in our company where the real-estate assets are approaching the mercantile assets.

Does all this come from smarts or genes?

I loved my father. He was also a merchant, a menswear retailer. He died when I was young.

As everybody says, there's a lot of luck and timeliness involved, but it's pretty simple. I'm presently working on a deal in Chicago to open another store. Now, for me to get the main floor, some of the basement, and the second or third floor of a 20-story office building, I would have to pay an awful lot of rent. So I'm investigating buying the whole building. I'd rather pay off a mortgage than a lease. That way, at the end of 15 years, you own a building. Of course, the building might go bad, the neighborhood may change – it's a gamble to that degree. But, by the same token, having a valuable asset at the end seems like a wise proposition. ●



Some 302 entrepreneurs saw the value of their stock soar to \$10 million or more when they took their companies public in 1983

BY PHIL ADAMSAK

100 Who Made Millions



Grant Compton

#1. Allen E. Paulson, Gulfstream Aerospace Corp., feels personal risk from his new visibility, especially since a son had to shoot his way out of a kidnap attempt in December. "You're in a glass cage, I'll tell you for sure," he says. Paulson bought a helicopter for fun and a controlling block in Wheeling Pittsburgh Steel Co. for investment. Once an Iowa farm boy, he bought Grumman's corporate aircraft operation in 1978 and tightened it up into profitable Gulfstream. He cashed \$85 million worth of his \$550.9 million holdings. He's not surprised by his good fortune. "I'm a positive thinker," he says. "I always felt I could work up to run the company"

Entrepreneurs taking their companies public are getting richer, faster than ever before. The value of the personal stock of many of them, as measured by the prices the public has been willing to pay, is staggering. A check of 1983's big winners reveals that no fewer than a dozen entrepreneurs saw their holdings valued upward to \$100 million or more on offering day; 47 saw them increase to \$50 million or more; 302 were worth \$10 million or more at the time their companies went public. Incredibly, two company presidents became "half-billionaires" when they took their enterprises public.

To put the numbers into perspective, consider that the individual whose holdings were worth the most in the IPO market the previous year would have placed only ninth on this year's chart. Number 50 on last year's chart had a paper worth of "only" \$8.8 million; number 100 on this year's chart held \$28.2 million worth of stock.

Sy Syms Merns echoes the words of many when he characterizes his new fortune as "mind-boggling." A son of Russian immigrants, his stock in Syms Corp. was worth \$249.8 million on offering day.

The new wealth presented options of wish fulfillment: Joe Hrudka bought the Woolworth Mansion for \$4.5 million in Palm Beach, Fla., and set a crew of 35 renovating it. (His Mr. Gasket Co. stock was valued at \$87 million at the offering). Allen E. Paulson (whose Gulfstream Aerospace Corp. stock was worth \$550.9 million) indulged himself with a seven-seat Sikorsky helicopter, which he flies himself. Richard A. Auhll (\$39.2 million in Circon Corp. stock) bought a white convertible Mercedes 380SL for himself and a full-length red fox coat for his girlfriend.

Many entrepreneurs were already accustomed to wealth and insisted they saw little novelty in their new millions. James P. Lennane (whose System Integrators Inc. stock was worth \$74.7 million) bought an \$89 Sears tool kit for working on his Corvette.

In some cases, the new wealth made symbolic statements. K. Philip Hwang (TeleVideo Systems Inc., \$520.4 million) is the first Korean to bring a corporation public in America. Joel Newman (Cosmo Communications Corp., \$44 million) believes he is the second Cuban to take one public. He and two refugee friends started the company six years ago with \$20,000 in savings and say they're now the world's biggest digital clock maker. "I didn't have two nickels when I escaped Castro," says Newman.

For some, it has been a long climb. Richard T. Farmer (Cintas Corp., \$51.7 million) joined his father's modest industrial laundry service in 1957,

building it into a giant work uniform supplier. Abraham Gosman (Mediplex Group, \$39.6 million) borrowed \$800 from his parents to build the leading snakeskin-laminating service in the shoe trade. Later, in the early 1950s, Gosman decided to invest the profits from his laminating business in nursing homes and eventually in alcoholism and drug abuse rehabilitation centers.

Other companies have grown explosively thanks to the birth of new markets and new technologies. Ex-seminarian Michael P. Richer (Combined Network Inc., \$173.9 million) and partners Melvin J. and Philip Goodman (\$83.5 million each) introduced their long-distance telephone service in 1981. James L. Jaeger (Cincinnati Microwave Inc., \$105.9 million) started to manufacture radar detectors in 1976.

There were many personal incentives for going public. William Bindley (Bindley Western Industries, \$43.8 million) did it for estate-planning reasons—a motive reported by several CEOs. Instead of selling Deb Shops Inc., Marvin Rounick (\$38.6 million) and Warren Weiner (\$36 million) decided an IPO set a price on their interests and let them realize some gains—without changing relative control of their dress store chain.

Of course, the reasons for going public meshed with company interests. Turnaround entrepreneurs Philip J. Gomez and Frank G. Gleason (ATV Systems Inc., \$38.6 million each) took their company public in an attempt to improve the balance sheet of their once-founding restaurant-system computer company. Richardson Electronics' 700,000-share issue provided the cash needed to pursue acquisitions.

In numerous cases, going public rewarded not only the entrepreneurs, but others connected with the company during its struggling days. ATV Systems gave stock options on 980,000 shares to 89 key employees. All 510 workers at Circon were given stock options. And, although J.B. Hunt (J.B. Hunt Transport Services Inc., \$85.7 million) didn't sell a single share, the IPO allowed long-time shareholders to liquidate some of their paper wealth—and the offering gave 250 of his 1,000 employees the opportunity to buy into the Hunt trucking company.

Carlton G. Amdahl (who realized a paper gain of \$68.4 million from Trilogy Systems Ltd.) worries that employee morale would ride on the price of his company's stock which fell almost one-third to \$9.38 by Dec. 30 from an October opening price of \$12. "The last thing we wanted was our employees going out and playing the stock market in our own stock, as opposed to getting the job done," explains Amdahl.

100 WHO MADE THE MOST

Here is a list of the 100 entrepreneurs who made the most, at least on paper, by taking their companies public in 1983.

Entrepreneur	Company	Offering Price per Share/ Month of Offering	Value of Entrepreneur's Stock at Offering* (in millions)
1. Allen E. Paulson Chmn./Pres./CEO	Gulfstream Aerospace Corp. Savannah, Ga.	\$19 Apr.	\$550.9
2. K. Philip Hwang Pres./CEO/Chmn.	TeleVideo Systems Sunnyvale, Calif.	\$18 Mar.	\$520.4*
3. Malcolm McLean Pres./Dir.	McLean Industries New York	\$8 Aug.	\$280.0
4. Sy Syms Merns Chmn./CEO/COO	Syms Corp. Lyndhurst, N.J.	\$15 Sept.	\$249.8 ¹
5. Andrew F. Kay; Mary M. Kay Pres./CEO/Chmn.; Sec./Dir.	Kaypro Corp. Solana Beach, Calif.	\$10 Aug.	\$244.9
6. Monroe Milstein; Henrietta Milstein CEO/Pres; VP	Burlington Coat Factory Warehouse Burlington, N.J.	\$28 June	\$188.3
7. Michael P. Richer Chmn./CEO/Dir.	Combined Network Chicago	\$11 Apr.	\$173.9 ¹
8. Roy H. Park Chmn./Pres./CEO	Park Communications Ithaca, N.Y.	\$19 Oct.	\$159.6
9. Martin Himmel; Harriet Himmel Chmn./Pres.; VP	Jeffrey Martin Inc. Union, N.J.	\$13 May	\$130.0*
10. William N. Pennington Pres./Dir.	Circus Circus Enterprises Inc. Las Vegas, Nev.	\$15 Oct.	\$121.0
11. William G. Bennett Chmn./CEO	Circus Circus Enterprises Inc. Las Vegas, Nev.	\$15 Oct.	\$121.0
12. James L. Jaeger Pres./Treas./Dir.	Cincinnati Microwave Cincinnati	\$12 Dec.	\$105.9
13. Samuel J. Frankino Chmn./Dir.	Agency Rent-A-Car Bedford, Ohio	\$15.50 June	\$93.0
14. Joe Hrudka Pres./CEO/Dir.	Mr. Gasket Co. Brkln. Heights, Ohio	\$12 Oct.	\$87.0
15. J.B. Hunt Chmn.	J.B. Hunt Transport Lowell, Ark.	\$15.50 Nov.	\$85.7
16. Arthur Rock Chmn.	Diasonics Inc. Milpitas, Calif.	\$22 Feb.	\$83.8*
17. Melvyn Goodman Pres./Dir.	Combined Network Chicago	\$11 Apr.	\$83.5 ¹
18. Philip D. Goodman Dir.	Combined Network Chicago	\$11 Apr.	\$83.5 ¹
19. Donald Tomlin Jr. Chmn./Pres.	U.S. Capital Corp. Columbia, S.C.	\$13.50 July	\$82.6
20. Wilfred J. Corrigan Pres./Dir.	LSI Logic Corp. Milpitas, Calif.	\$21 May	\$80.5*
21. Terje Mikalsen Chmn.	Norsk Data Oslo, Norway	\$37.75 ² May	\$78.3*
22. James P. Lennane Pres./CEO/Dir.	System Integrators Sacramento	\$10 Nov.	\$74.7*
23. Leslie C. Quick Jr. Chmn./Pres./CEO	Quick & Reilly Group New York	\$18 June	\$72.8*
24. Robert Noyce Dir.	Diasonics Inc. Milpitas, Calif.	\$22 Feb.	\$72.3*
25. Albert Waxman Dir./Pres./CEO	Diasonics Inc. Milpitas, Calif.	\$22 Feb.	\$69.6

* Refers to total shares, prior to cashing in

¹ Includes shares owned by other members of the entrepreneur's family and/or trusts for them

² Includes shares held in voting trust

³ American Depositary Receipts

Information for this chart was prepared by Judy Davis, Sid Kane, and CompuServe, Columbus, Ohio



Rick Browne/Picture Group

#2. K. Philip Hwang, TeleVideo Systems Inc. "My wife's had the same car for five years," he says. "We're very simple and the only difference now is we've got savings for a rainy day." Mrs. Hwang's jalopy is a white 300D Mercedes and she parks it at their Welsh castle replica with sauna and spa in the master bedroom. Hwang began TeleVideo in a garage, making video games. Smuggled out of North Korea by U.S. soldiers, he immigrated at age 12, later washed dishes and waited on tables for college expenses. Hwang is proud of being the first Korean-born entrepreneur to take a U.S. company public



Ted Lau

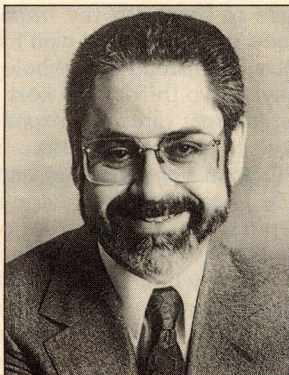
#5. Andrew F. and Mary Kay, Kaypro Corp., cashed \$6 million of their \$244.9 million holding. "I can probably buy an airplane or yacht," says Andrew, "but I chose to pay off mortgages and save a little for income tax." The Kays may donate to preventive medicine research or opera. His wife and mother helped stuff circuit boards for the company's first digital voltmeters in 1953. Heavy mortgaging of personal property has made Mary Kay nervous since then. "It's more fun now," says Andrew. "I don't have to scramble to meet payrolls. And my children are pretty well taken care of; they have stock in the company"

Where to Invest Your Money in Uneasy Times

The stock market soars and then sinks in early August. Interest rates go down and then up. What is an investor to do in such turbulent times? Some advisers urge that you go slow on new commitments until the air clears. But others take an optimistic view. Despite the clouded future, all money managers see some good buys both now and later. What's the outlook, what to look for and what to avoid—those are some of the questions put to three investment advisers by *U.S. News & World Report* editors—

"Stocks and Bonds Have a Greater Probability of Performing Well Than Alternative Investments"

Robert Nurock, Publisher,
The Astute Investor,
Paoli, Pa.



Q. Mr. Nurock, where do you recommend that investors put their money these days?

A. I am bullish about appreciation of stocks, so I would put the bulk of my funds into equities. If I were looking for income, I would probably have a fairly high degree of bonds in my portfolio. But along with the bonds, I would want some sort of growth potential, so I would also be looking for equity equivalents such as convertible bonds or convertible preferred stocks. In any case, I would be close to fully invested, with no more than 10 percent of my portfolio in cash or similar short-term investments.

Q. Why are you so bullish on stocks?

A. Once this recent period of digestion is over, stock prices should continue to advance again, with further strength, until near the end of the year. Then we may see a small downturn, followed by stronger gains starting in early 1986. The Dow Jones industrial average could top the 1,500 level before a correction late this year and then probably approach or exceed 1,600 early next year.

Helping stock prices will be higher profits as business activity picks up. A big plus is the degree to which firms in recent years have become concerned with holding down costs. That resulted from low inflation that made it hard to raise prices. Now I see a period in which prices will be somewhat more easily raised and thus the potential for profit margins to increase by leaps and bounds.

This will be a step toward increased inflation, but the Federal Reserve Board will step in with a tighter monetary

policy if necessary to keep inflation from getting out of control. Though that may cause interest rates to rise, I think it will be viewed as positive for business.

In that type of environment, financial instruments such as stocks and bonds have a greater probability of performing well than alternative investments. Real estate, for example, has historically done well during periods of high inflation, which isn't the prospect today.

Q. What stocks would you consider buying?

A. My emphasis would be on small-to-medium-size companies that have been undervalued but are now starting to show emerging growth. These include firms that could benefit from the improved pricing power that I see coming, as well as increased capital spending further down the road.

Q. Can you give some recommendations?

A. One idea that I find attractive is Measurex Corporation, a leading producer of process-control systems. A recovery in the economy will create more demand from its principal market, the paper industry. But the company has also expanded recently to serve other industries as well.

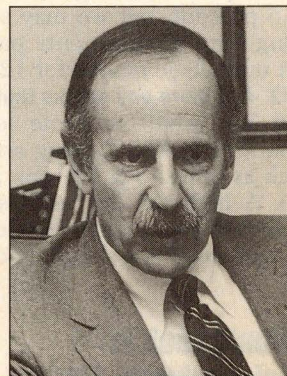
A second issue I like is Whitehall Corporation, a diversified supplier of electronics, principally to the defense industry. It's selling at less than half its price of a few years ago, but recently depressed earnings have recovered sharply and are continuing to grow.

Among larger companies, I like RCA, which is a perfect example of a major corporation that has restructured itself for a more competitive environment. A consumer-related name that is on my recommended list is Syms Corporation, an aggressive discounter of men's and women's name-brand clothing. I like it because it's an unusual company from a marketing point of view. Another company with an interesting marketing angle is Guest Supply. It is the prime distributor of small packages of toiletries such as shampoo and soap that are widely used in hotels. It has had a terrific record of growth.



"Hold Off Committing New Money to Stocks Unless You're a Nimble Trader"

Alfred Goldman,
Chief Investment Strategist,
A.G. Edwards & Sons, St. Louis



Q. Mr. Goldman, is the stock market running out of steam?

A. Yes, the market has shown signs of losing momentum. Important stocks are unable to sustain gains and are declining. Rallies in the industrials have been feeble; utilities are weak. Transportation issues were saved by the perception that fuel costs would drop dramatically. However, that news is probably already reflected in the price of these stocks.

Q. Are you wary over the economic outlook?

A. Yes. I believe there has been too much enthusiasm that the economy is ready to warm up again—and soon. The recent darlings in the market have been companies which are most closely tied to the future growth of the economy, yet I see no evidence that the economy has broken out of its malaise. Rather than relying on computer printouts, you have to kick the tires and talk to executives. The response I get is, "Hey, business isn't very good."

Q. So you are pretty bearish on stocks?

A I would tone that down to say my approach to this market is one of great caution and selectivity. Most institutional investors are bullish long term, and thus they have placed their bets by investing most of their cash. So where does the big money come from to push stocks substantially higher? Margin debt has risen to record levels—a sign that more investors want to own stocks. But it also reflects excesses in the marketplace and increases the risk that margin calls will grease the slide during corrections.

Q How much of a market downturn do you think is likely?

A I'm looking for a trading-range market, one that fluctuates sharply between about 1,250 and 1,350 in the Dow Jones industrial average. But the potential slide is much greater for many individual stocks. I expect interest rates to work higher, and thus there's risk in the interest-sensitive group—which would be banks, insurers and savings and loans. Airlines have been way overdone on the upside. Other cyclicals are also vulnerable as the economy sputters.

Q What would you advise investors to do at this point?

A I would generally hold off committing new money to stocks unless you're a nimble trader who wants to try and play the quick up-and-down movements we have been having lately. Longer term, you should see better buying opportunities—maybe toward the end of the year.

The most promising areas will be among the stocks that were early leaders of the market advance. Those include drug, food and other companies that can grow even in a sluggish economy. Keep a good-sized cash reserve for better buys later on—perhaps 25 percent of your portfolio assets—and take a hard look at the earnings prospects of each company that you already hold.

Q What about putting more money into bonds?

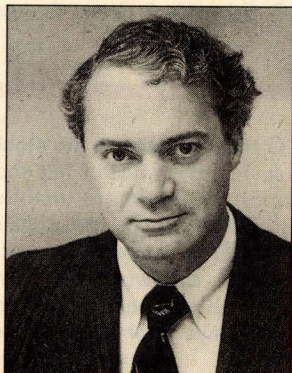
A Not right now. But I believe there will be a time to buy bonds in three to six months. Today, general-obligation tax exempts yield around 8.5 to 9 percent, but I think we'll see 10 percent. Long-term corporates are returning about 11.5 percent, but we may see 12.5 percent in six months. Long-term governments pay about 10.7 percent, but it's not unrealistic to look for 12 percent in the months ahead.

Q Are there any stocks that look good now?

A You might do some selective buying on price dips. One idea is AT&T. Drug and hospital-management issues, such as Johnson & Johnson and Humana, are worth a nibble. A high-risk but valid speculation would be National Semiconductor, while Hewlett-Packard is a firm that should do well even in a sluggish economy.

"I Would Look at Basic-Industry Stocks—Groups an Expanding Economy Will Help"

John Connolly, Cochairman,
Investment Policy Committee,
Dean Witter Reynolds



Q Mr. Connolly, should an investor change strategy in today's economy?

A Investors should consider lightening up on bonds and increasing the share of their portfolios in stocks. We at Dean Witter no longer feel that stocks and bonds will perform in tandem as they have over the past six months or

so. The total investment returns from stocks will now outperform those from bonds. You certainly want to hold down short-term investments in cash equivalents, such as money-market funds and Treasury bills. Returns are just too low.

Q What do you expect will fuel higher stock prices?

A A stronger economy, which we see occurring later this year and carrying over into 1986 with a good deal of momentum. We think the stock market is thus going to go higher, but the reason this time around will be somewhat different than in the past. Stock gains recently have been driven by falling interest rates. Now they will be driven by higher corporate profits. Interest rates are no longer going to decline much, but company earnings, which have been anemic, will start looking a lot better. As a result, we've been motivated to call it quits on the bond market and raise our enthusiasm for stocks.

Q What could change your enthusiasm for stocks?

A If the economy doesn't strengthen as expected, that would be a major disappointment. A negative that already exists, despite the budget compromise enacted by Congress, is the poor outlook for serious, long-term action to reduce the federal deficit. The fiscal thrust from the deficit will help boost growth in the economy but at a higher level of interest rates than would otherwise be the case. We will have to live with the impact of a strong dollar and a big trade deficit. There won't be as much growth in business activity. Instead of a whole loaf, we will have to settle for maybe two thirds. The best of all worlds for stocks is declining interest rates and expanding economic activity. We will have economic expansion, but not falling rates.

Q In this climate, what kinds of stocks do you suggest?

A I would look at basic-industry stocks—the chemicals, papers, metals—and the capital-goods sector, which includes technology. These are groups that an expanding economy will help. I would tilt away from financial and other firms that benefit under falling interest rates and, to some extent, also away from consumer nondurables and services. The market's focus for the next six months, at least, will likely be on basic industries and capital goods/technology.

Q Which firms stand out in these groups?

A One basic industry I would emphasize is chemicals. Dow Chemical stands out. But more interesting are some of the specialty companies related to chemicals. One example is Pall Corporation, which is a filtration company that gets involved in various product-purification processes. Two others are Nalco Chemical and Betz Laboratories, both of which have a primary interest in the water-treatment field.

In the paper group, the highest-quality company may be Union Camp. An issue beginning to get recognition is Stone Container. It is a manufacturer of packaging material for shipping boxes. The demand for boxes is very sensitive to the economy, so this is a way to bet on a stronger economy. Stone may also benefit from higher prices.

Q What about technology?

A The raw material for computers is circuit chips, and a low-risk way to invest in computers is through a firm such as Avnet, a distributor of chips. You don't have to worry about the risk of big technological change, just about the demand for chips themselves, and that is picking up a bit.

Another lower-risk choice is AMP, a leader in making electronic connectors. It's an important high-tech area that is not particularly high-tech itself. In the same category is Veeco Instruments, which makes power supplies for electronic products, a necessary item in high tech.

In technology, though, the key to the whole business is IBM. It is a cheap stock in view of its projected earnings. IBM is a superior company, and if it can't do it for you, it's unlikely that any technology company will. □



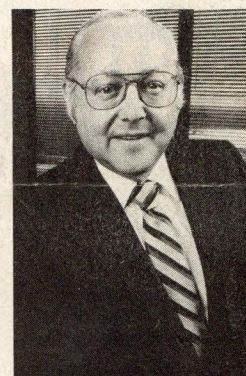
#9. Martin Himmel, Jeffrey Martin Inc., sold \$27.7 million worth of his \$130 million in stock in his health-and-beauty aids company, but insists his lifestyle didn't change. He and his wife Harriet bought a "pretty nice house" in affluent Short Hills, N.J., 20 years ago; his company Rolls-Royce was a gift nine months earlier from Harriet (who also sold \$21.7 million). Says son Jeffrey, a vice-president at Jeffrey Martin: "His hobby is his work—he has very big dreams." Himmel made his first \$1 million selling the expensive Zizanie men's cologne line to Faberge in 1971

Entrepreneur	Company	Offering Price per Share/ Month of Offering	Value of Entrepreneur's Stock at Offering* (in millions)
76. Edward L. Taylor Chmn./Pres./ CEO/Dir.	Satellite Syndicated Systems Inc. Tulsa	\$12 Aug.	\$36.0*
77. Warren Weiner EVP/Sec./Treas.	Deb Shops Inc. Philadelphia	\$17.50 Apr.	\$36.0
78. William Lyon Chmn./Pres./CEO	AirCal Inc. Newpt. Beach, Calif.	\$12 Aug.	\$36.0
79. George L. Argyros V. Chmn./Sec./Dir.	AirCal Inc. Newpt. Beach, Calif.	\$12 Aug.	\$36.0
80. Charles C. Gay Chmn.	Builders Transport Camden, S.C.	\$17 Oct.	\$35.4
81. Howard S. Stern Chmn./Pres.	E-Z-Em Inc. Westbury, N.Y.	\$14 Oct.	\$35.3
82. Andres Lagueruela Chmn./CEO/Dir.	Satelco Inc. San Antonio	\$12 July	\$34.6
83. Rafael F. Veve V. Chmn./Dir.	Satelco Inc. San Antonio	\$12 July	\$34.6
84. Hughes L. Potiker; Sheila M. Potiker Pres./Chmn.; VP/Sec./Dir.	Entertainment Publications Inc. Birmingham, Mich.	\$12 Dec.	\$34.6
85. Phillip H. Meyers; Betty S. Meyers Sr VP/Dir.; Investor	E-Z-Em Inc. Westbury, N.Y.	\$14 Oct.	\$34.5
86. Michael C. Goldberg Chmn./Pres.	FDP Corp. Miami	\$13 Aug.	\$34.0
87. William L. Pierpoint Pres./CEO/Dir.	Summit Health Ltd. Studio City, Calif.	\$7 Oct.	\$31.5
88. Dustin H. Heuston; Nancy Heuston Chmn./CEO; Sec.	WICAT Systems Inc. Orem, Utah	\$18 June	\$31.3*
89. Terry G. Johnson Pres./CEO/Dir.	Miniscribe Corp. Longmont, Colo.	\$11.50 Nov.	\$30.9*
90. Leonard Abramson Pres./Dir.	U.S. Health Care Systems Inc. Willow Grove, Pa.	\$20 Feb.	\$30.8* ¹
91. Gary B. Friedman Pres./CEO/Chmn.	Fortune Systems Belmont, Calif.	\$22 Mar.	\$30.7
92. Charles Lankford Chmn./CEO	Penta Systems Int'l Baltimore	\$12.50 Mar.	\$30.4
93. Lazer Milstein VP	Burlington Coat Factory Warehouse Burlington, N.J.	\$28 June	\$29.5
94. Stephen E. Milstein VP	Burlington Coat Factory Warehouse Burlington, N.J.	\$28 June	\$29.5
95. Andrew R. Milstein Dir.	Burlington Coat Factory Warehouse Burlington, N.J.	\$28 June	\$29.5
96. Patrick J. Rooney Chmn.	Rooney Pace Group New York	\$8 Oct.	\$29.0*
97. Randolph K. Pace Pres./Dir.	Rooney Pace Group New York	\$8 Oct.	\$29.0*
98. Donald E. Hess Pres./Dir.	Parisian Inc. Birmingham, N.Y.	\$14.50 Nov.	\$28.4*
99. Richard MacNeal Chmn./CEO	MacNeal-Schwendler Los Angeles	\$23 May	\$28.3
100. Peter R. Spirer Chmn./Pres.	Horizon Industries Calhoun, Ga.	\$13.75 July	\$28.2*

* Refers to total shares, prior to cashing in

* Includes shares owned by other members of the entrepreneur's family and/or trusts for them

¹ Includes shares held in voting trust



Palmisano

#4. Sy Syms Merns, Syms Corp. With \$1 million of the \$35 million he received from selling personal stock in his off-price apparel chain, Merns endowed a marketing chair at New York's Yeshiva University. A son of Russian immigrants, he sees his fortune as "mind-boggling." After the offering, the family (four of six children work at Syms Corp.) had a celebration brunch. Negative side of going public: Disclosure of top managers' salaries sparked jealousy leading to in-house rivalries

Syms: a survivor of shakeout, says NY report

6/85
Value Retail News

When the "shakeout" in off-price retailing is over, Syms, a 14-store off-price apparel chain, won't be one of the casualties.

That's one of the conclusions in a comprehensive profile of the Lyndhurst, NJ-based company by Harry A. Ikenson of Rothschild, Inc.

Ikenson, a vice president in the corporate finance department for the New York City investment banking firm, believes that Syms' sales performance in a "heightened competitive environment bodes well for future growth, especially as the weaker off-price companies fall by the wayside and department stores return to more normal pricing practices."

Net sales

Syms' net sales for the fourth quarter of 1984 were \$67,080,000 (a 15.2 per cent increase), compared to \$58,237,000 in the fourth quarter of 1983. Ikenson attributes the increase to new store openings.

Syms' sales for the year ending December 31, 1984, rose 14 per cent to \$204.3 million; same store sales for 1984 registered only a 4.5 per cent increase but, as Ikenson reports, "relative to the heightened competitive industry environment, Syms fared quite well."

Spot survey

The Rothschild Inc. report on Syms includes a spot survey of three sizable, established off-price chains: Burlington Coat Factory, Dress Barn and Marshalls.

Burlington Coat's revenue increase was 41 per cent for the fiscal year ending October 31, 1984, with a same store sales decline to \$198.5 million from \$201.1 million in 1983.

Dress Barn reported a sales increase of 41 per cent to \$61.6 million for the fiscal year ending July 28, 1984, compared to \$43.7 million for 1983. However, the report adds, Dress Barn did add 30 new stores, which would contribute to increased sales.

Marshalls' increase in revenue was 12.1 per cent, or \$1.189 billion for the year ending December 31, 1984, compared to the 1983 total of \$1.061 billion.

Strong position

Ikenson credits Syms with strengthening its competitive position through a number of measures: addition of several new top quality brand name suppliers, a limit on the amount of purchases from "middle-of-the-road suppliers", an increase in the level of customer service, and successful expansion into two new trading areas (Philadelphia and Chicago).

Syms keeps its customer away from a competitive environment (such as a mall), through locating away from traditional retailers. The apparel chain looks for markets with a population of a minimum three million, allowing for two stores, or one store per 1.5 million people. Site location is usually near a major traffic artery or thoroughfare in suburban areas with ample parking facilities.

(See SYMS, Page 14)

Syms

(Continued from Page 8)

Once focused on six small New York metropolitan stores, Syms now has shifted to large, high visibility suburban locations. Its first such store was a 16,000-square-foot unit opened in Paramus, NJ, in 1971.

Today, Syms' no-frills stores in northeastern and middle Atlantic regions and in Florida offer brand name or designer goods at a discount of approximately 50 per cent below nationally advertised retail prices.

Syms purchases its goods from about 500 manufacturers, but it protects the suppliers by omitting brand names and specific prices in corporate advertising.

Good reputation

Ikenson points out some reasons for Syms' good reputation among suppliers: promptness in payments, refusal to gouge, and loyalty to commitments.

"As a result," Ikenson reports, "while some off-price firms are having difficulty acquiring enough first-quality branded merchandise, Syms is finding it easier than ever before, to the extent that some manufacturers have approached Syms to handle all of their off-price merchandise."

The off-price chain does not maintain large out-of-season inventory but occasionally it purchases apparel that does not change in style from year to year, warehousing it until the following year.

Price tags

According to Ikenson, Syms' pricing policy is to tag each item with a ticket displaying Syms' selling price and the traditional full retail price. Brand-name labels are removed from men's tailored clothing at time of purchase; all other merchandise is sold with labels intact.

To promote quick movement in the women's apparel department, Syms has a 10-day automatic markdown policy on about half of all items. The date of placement on the selling floor is stamped on the back of the sales ticket; the front of the ticket reveals

full retail price, initial Syms price and three reduced prices. Each reduced price becomes effective after 10 days have elapsed.

Special "dividend" prices and twice-

Educated Consumer is Our Best Customer" is presented on TV and radio through use of Syms family members including Sy Syms, company president, and Marcy Syms, chief op-

Syms has maintained a good reputation among suppliers through prompt payments, refusal to gouge and loyalty to commitments, analyst says

yearly "holiday bashes" help move the previous season's merchandise, resulting in a turnover of inventory about six times a year.

Using television and radio, Syms chooses an "institutional approach" to advertising, rather than a promotional one. The theme "At Syms, an

erating officer.

Marketing costs for the Syms chain are about two per cent of sales. □

Syms headquarters is at 300 Chubb Avenue, Lyndhurst, NJ; (201) 935-7500.

"Educated Consumers" Do Well By Syms

"An educated consumer is our best customer." So says Syms, an off-price apparel retailer, on its TV and radio commercials. These customers are rewarding the New Jersey-based company with record net sales: \$204.2 million in 1984 at a net income of over \$12.7 million, or 6.2 percent of sales. This compares with the 2.5 percent net earnings for the discount industry in 1984-1985.

The typical Syms store offers a generous selection of apparel and accessories for the entire family. Men's clothes and haberdashery account for between 60 and 65 percent of the company's total sales. Women's suits, dresses, separates, and accessories generate between 30 and 35 percent of Syms' total sales. The difference is made up by sales of children's wear, luggage, domestics, and fragrances. Shoe sales are included in the figures for men and women; the selection encompasses a range of styles, from current fashion to sport, including sneakers.

The merchandise, which covers a broad range of first-quality, in-season goods, is offered to customers at savings between 40 and 60 percent off traditional retail prices, says David Bernard, a spokesman for the off-price retailer. Assortment, however, may be somewhat limited, due to Syms' buying strategy. "We don't re-order merchandise," Bernard explains to DM. "We are opportunistic buyers and as such rarely get the opportunity to re-order."

Its automatic markdown policy

It is the policy of the company never to discuss brand names, although they do say that the majority of the stock is in nationally recognized name-brand goods. Name brands not withstanding, Syms also offers its customers its own private label, "S," which may be found on a small portion of its apparel assortment. No special emphasis is given to one label over another; all merchandise is intermixed as far as display purposes go. Buying is done by Syms' staff of six merchandise managers and six buyers; overall supervision is

by the vice president/merchandise.

Syms is known to its customers for its automatic markdown policy on seasonally vulnerable women's apparel. This policy, which mandates a ten-day automatic markdown of the merchandise, is readily apparent on the ticket and easily understandable.

Simply put, the ticket is stamped with the date that the item is initially placed on the selling floor, what the company believes to be the nationally advertised price, the discounted Syms price, and three reduced prices. Each reduction becomes effective after the lapse of ten selling days.

The off-pricer has trained its customers to understand that "there's never a reason for a sale at Syms." In keeping with that, radio and television advertising is run at a consistent level throughout the year. It does not wax and wane with the seasons and/or holidays. All advertising is done through its own company, Syms Advertising Inc. Ad costs generally range between 2 and 2.5 percent. However, they rose slightly during the last year owing to costs related to the opening of three stores.

The 26-year-old company just opened its fifteenth store in October, outside King of Prussia, Pennsylvania. This marks the first entry for the off-price apparel chain into the Keystone State. This latest

addition is a 69,000 square foot unit, with 60,000 of those feet devoted to selling space. True to the Syms prototype, it is a single-story free-standing building. "We don't look to go into malls or shopping centers," says Bernard.

K mart Opens More Designer Depots In Texas

By the end of 1985, K mart expects to open 12 additional Designer Depots across the U.S., for a total of approximately 70 stores. Part of these will come from the acquisition of three J. Brannam stores in Beaumont, Mesquite and Houston Texas.

"These additional sites will help expand our existing Texas market and will enable us to provide consumers with quality, name-brand merchandise for the lowest price," commented Robert A. Mulligan, Designer Depot director. He added that the company's "Fashion Less" advertising and marketing strategies were designed to appeal to the value-conscious customer who looks for stylish clothing at affordable prices.

A subsidiary of K mart Corporation, Designer Depot currently operates 59 stores in 15 states and carries men's, women's and children's brand-name apparel fashions and famous labels.



Designer Depots will total about 70 units by year-end. This K mart division features stylish family apparel "at affordable prices."

from \$55,627,000. Earnings for the first six months of the year totaled \$6,260,000, or 44 cents, against \$5,195,000, or 37 cents. Sales gained 14.9 percent to \$72,616,000 from \$63,210,000.

Syms earnings fall in second quarter

LYNDHURST, N.J. (FNS)

— Earnings at Syms Corp. fell 19.5 percent in the second quarter and 19.6 percent in the six months ended June 30.

Second quarter earnings were \$3,172,000, or 18 cents a share, down from \$3,939,000, or 22 cents. Sales in this period were down 1.9 percent to \$58,005,000 from \$59,097,000. In the half, Syms earned \$4,698,000, or 27 cents, down from \$5,845,000, or 33 cents. Sales slid 0.7 percent to \$101,031,000 from \$101,711,000.

Beir's completes termination sales

BUFFALO, N.Y. (FNS) — Beir's Department Store, in Chapter 11, has completed a series of going out of business sales, and is on lease for its 80,-

bilities of \$3,104 before bankrupt Creahan.

UM&M st by invest

WASHINGTON investment group

International: OPEC ministers adjourn meeting until tomorrow, Page 39.

International: Regulatory overhaul causes anxiety in United Kingdom, 38.

Commodities: Hog futures prices leap as sunny weather returns, 54.

Politics: Tip O'Neill's mark will be felt in the House for years, 68.

Insurance Woes

When asked how they were responding to increases in liability insurance rates, surveyed small-business owners said:

Paying higher premiums/ raising prices	46%
Going without coverage	25
Closing the business	11
Self-insurance	7
Dropping products, services	4
Other	7

Sources: Small Business Service Bureau; Inc. magazine

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Some of his friends in the business, he continues, choosing his words carefully, ... be totally at loose ends. They ... resources, or ...

*Mervyn's Retains
No. One Spot;
The Limited Posts
Biggest Growth;
T.J. Maxx
Leaps into Top 10*

The Key to abbreviations of parent corporations used in the Top 100 Specialty Store Chain chart; ADG, Associated Dry Goods; Allied, Allied Stores; AmCan, American Can Co.; BrownGR, Brown Group; CHH, Carter Hawley Hale; C-M, Curtis-Mathes; CPS, Carson Pirie Scott; DH, Dayton Hudson; EB, Edison Brothers; Fed, Federated Department Stores; FWW, F. W. Woolworth; Gordon, Gordon Jewelry; Ind, Independent; Lucky, Lucky Stores Inc.; May, May Department Stores; MCA, MCA Inc.; MI, Manhattan Industries; SPLC, Sears P. L. C.

NC—No change

NA—Not available

*For the nine months ended Mar. 31, 1986 includes McDuff Electronics, Scott Appliances and VideoConcept stores acquired during that period

¹Includes sales of department stores and apparel stores

²Includes Banana Republic

³For year ended July 27, 1985

⁴Includes former Mission division for year ended Mar. 31, 1986

⁵Includes Sam Goody and Discount Record stores

⁶Formerly Fine Jewelers Guild, for year ended Mar. 31, 1986

⁷Includes mail order sales

⁸Includes Minnesota Fabrics acquisition

⁹For year ended Aug. 31, 1985

¹⁰Includes 14 Cargo Express stores

¹¹Prior to liquidation

¹²For 11-month year ended Feb. 28, 1986 including acquired Sterchi Bros stores for February

¹³Includes leased department sales

¹⁴Prior to divestiture of Frost Bros.

¹⁵For fiscal year ended June 30, 1986

HERE IS STORES' RANKING OF THE TOP 100 SPECIALTY STORE CHAINS

Rank	Company/Chain (Headquarters)	Parent	Type	Sales (000,000)	% Increase (De- crease)	Units	% Increase (De- crease)
1.	Mervyn's (Hayward, Calif.)	DH	Apparel	\$2,527	18.0	148	17.5
2.	The Limited (Columbus, O.)	Ind	Apparel	2,387	77.7	2,353	66.6
3.	Radio Shack (Fort Worth)	Tandy	Cons Elec	2,203	2.1	4,859	3.0
4.	Toys "R" Us ¹ (Rochelle Park, N.J.)	Ind	Toys	1,976	16.1	246	21.2
5.	Marshall's (Woburn, Mass.)	Melville	Apparel	1,324	11.3	236	8.1
6.	Nordstrom (Seattle)	Ind	Apparel & shoes	1,302	35.8	44	12.8
7.	Petrie Stores (Secaucus, N.J.)	Ind	Apparel	1,161	22.1	1,370	0.7
8.	Saks Fifth Avenue (New York)	Batus	Apparel	850	6.0	41	2.5
9.	T. J. Maxx (Framingham, Mass.)	Zayre	Apparel	840	24.0	191	22.4
10.	Neiman-Marcus (Dallas)	CHH	Apparel	820	13.1	22	4.8
11.	Levitz (Miami)	Ind	Furniture	788	3.5	96	4.3
12.	Circuit City (Richmond, Va.)	Ind	Cons Elec	705	35.9	69	11.3
13.	Kinney Shoe (New York)	FWW	Shoes	701	4.6	1,505	-1.4
14.	Volume Shoes (Topeka, Kans.)	May	Shoes	697	28.2	1,867	12.3
15.	Gap Inc. ² (San Bruno, Ca.)	Ind	Apparel	647	24.9	648	9.1
16.	Hartmarx Specialty Stores (Chicago)	Hart- marx	Apparel	634	3.6	467	3.1
17.	Brown Shoe (St. Louis)	Brown Gr	Shoes	625	-1.1	1,302	3.4
18.	Waldenbooks (Stamford, Conn.)	K mart	Books	560	9.8	955	6.3
19.	B. Dalton (Minneapolis)	DH	Books	538	9.9	785	4.5
20.	Edison Bros. Foot- wear (St. Louis)	EB	Shoes	528	2.7	1,403	2.9
21.	Highland Super- stores (Taylor, Mich.)	Ind	Cons Elec	521	45.1	40	25.0
22.	Alexanders ³ (New York)	Ind	Apparel	520	0.6	15	NC
23.	Casual Corner (Enfield, Conn.)	US Shoe	Apparel	515	14.4	624	6.7
24.	Child World/Child- ren's Place (Avon, Mass.)	Ind	Toys	513	17.8	119	14.4
25.	Thom McAn (Worcester, Mass.)	Melville	Shoes	488	7.4	1,060	-3.9
26.	Zale Jewelers ⁴ (Dallas)	Zale	Jewelry	486	5.6	817	9.1
27.	Silo Electronics (Philadelphia)	Cy- clops	Cons Elec	475	35.7	111	19.4
28.	Brooks Fashion Stores (New York)	Dylex	Apparel	436	6.0	781	8.3
29.	Fayva (Newton, Mass.)	Morse	Shoes	432	2.4	691	2.3

Rank	Company/Chain (Headquarters)	Parent	Type	Sales (000,000)	% Increase (De- crease)	Units	% Increase (De- crease)
30.	Herman's (Carteret, N.J.)	Ind	Sporting Goods	420	14.1	131	13.9
31.	C.R. Anthony (Oklahoma City)	Ind	Apparel	417	0.1	272	-2.5
32.	Foot Locker (New York)	FWW	Shoes	409	34.5	635	16.5
33.	Kay Bee (Lee, Mass.)	Melville	Toys	401	15.6	584	9.6
34.	Charming Shoppes (Bensalem, Pa.)	Ind	Apparel	392	31.7	550	23.9
35.	Ross Stores (Newark, Calif.)	Ind	Apparel	376	78.2	107	62.1
36.	Federated Group (City of Com- merce, Calif.)	Ind	Cons Elec	364	58.3	59	37.2
37.	Loehmann's (New York)	ADG	Apparel	360	2.9	82	13.9
38.	Burlington Coat (Burlington, N.J.)	Ind	Apparel	352	13.7	76	11.8
39.	Lechmere (Woburn, Mass.)	DH	Hardlines	349	24.5	10	25.0
40.	Bealls (Jacksonville, Tex.)	Ind	Apparel	340	7.0	141	4.4
41.	Musicland ⁵ (Minneapolis)	AmCan	Records	325	8.3	455	4.6
42.	I. Magnin (San Francisco)	Fed	Apparel	319	3.0	26	NC
43.	Bailey Banks Biddle ⁶ (Dallas)	Zale	Jewelry	317	-2.7	309	-1.0
44.	Oshman's (Houston)	Ind	Sporting	312	2.6	209	8.9
45.	Spencer Gifts ⁷ (Atlantic City)	MCA	Giftware	296	-4.8	497	7.3
46.	Hancock ⁸ (Tupelo, Miss.)	Lucky	Textiles	290	1.2	320	53.1
	County Seat (Chicago)	CPS	Apparel	290	31.9	301	9.5
48.	House of Fabrics (Sherman Oaks, Calif.)	Ind	Textiles	286	2.9	730	4.6
49.	Edison Apparel (St. Louis)	EB	Apparel	281	3.3	1,302	10.1
50.	Pic 'n' Save (Carson, Calif.)	Ind	Apparel	278	18.3	94	4.4
51.	Jacobson's (Jackson, Mich.)	Ind	Apparel	275	14.3	20	5.3
52.	Businessland (San Jose, Calif.)	Ind	Comput- ers/cons elec	267	198.0	60	42.9
53.	Crazy Eddie (Edison, N.J.)	Ind	Cons Elec	262	56.9	23	27.8
54.	Florsheim (Chicago)	Interco	Shoes	260	2.0	585	6.0
	Hit or Miss (Stoughton, Mass.)	Zayre	Apparel	260	4.0	428	6.7
56.	Weiner's Stores (Houston, Tex.)	Ind	Apparel	257	2.8	107	8.1
57.	Richman Brothers (Cleveland)	FWW	Apparel	254	2.0	315	1.6
58.	Butler Shoe (Marietta, Ga.)	SPLC	Shoes	250	NC	850	NC
59.	Lionel (Philadelphia)	Ind	Toys	246	9.3	56	7.7

tempts to rank chains by sales in company-owned stores exclusive of leased department sales, franchise revenues, sales in franchised units and other subsidiary revenues for the most recently completed fiscal year. More significant variations are footnoted, for example, when fiscal years end other than in December, January or February. Information has been gathered from annual reports, 10-K reports, discussion with companies officials, financial analysts and industry observers. In cases where companies are not publicly held, or where divisional sales are not broken out, the figures in the chart are STORES' estimates.

Toys 'R' Us, which includes 23 Kids 'R' Us apparel stores and four department stores left over from the Interstate days, holds down the No. 4 position, with a 16.1% sales increase to just under \$2 billion in sales.

The company's volume increase came in large part from the 43 new toy stores and 13 additional children's apparel stores opened during the year, as comparable store sales increased just 2.4%.

Marshall's, the Melville Corp.'s largest division, ranks next on the chart with \$1.3 billion volume in 236 stores. An off-price store selling brand name family apparel, accessories and domestics, Marshall's added 27 stores last year, giving it presence in 36 states.

Melville is represented by four other chains in the Top 100. Worcester-based Thom McAn, which has been closing stores faster than it has been opening them, generated \$488 million in sales last year in 1,060 units, while the rapidly-growing Kay Bee toy operation added 51 stores, to bring its total to 584, and upped sales 15.6% to \$401 million.

Melville's Chess King men's wear division added 10 units to a base of 507 during the year and moved volume up to \$206 million, while home textiles specialist Linens 'N' Things, based in Roseland, N.J., increased sales 13.9% to \$145 million in its 116 stores.

Two acquisitions last year have given Melville added growth potential, with heavy store-opening schedules planned for both the This End Up furniture and home furnishings chain of 117 stores and Prints Plus, selling posters, prints and framing services in 36 stores at the end of the year.

Melville also operates the 158-unit Wilson's leather apparel and accessories chain and 86 Open Country family shoe stores, as well as CVS and Freddy's drug stores and leased shoe departments in K mart stores.

Nordstrom's increased selling space

by about 20%, some 800,000 square feet, as the Seattle-based fashion retailer pushed sales up 35.8% to \$1.3 billion, sixth-best in the Top 100. Supporting the growth was completion of a 276,000 square foot distribution center in northern California.

Now that it has a half-dozen stores in San Francisco suburbs and exurbs, Nordstrom has announced plans to move downtown into a vertical mall being developed for occupancy in 1988. In addition, the company has begun construction of its first Eastern store in the Washington, D.C., suburb of McLean, Va.

Petrie Stores enjoyed healthy store-for-store sales gains as it added just 10 new stores to its base of 1,360, but saw sales shoot up 22.1% to \$1.2 billion as it incorporated the Miller-Wohl and Winkelman stores it acquired in 1984.

Ranking eighth in the Top 100 is Saks Fifth Avenue, Batus Retail Group's top specialty operation and its major growth vehicle. With sales estimated at \$850 million, Saks opened three units last year—a new store in San Antonio and replacement units in Palm Springs, Cal., and Southampton on Long Island, N.Y.

With the selloff of three Gimbels department store groups, Frederick & Nelson and The Crescent department stores in Washington, Batus is planning vigorous growth for Saks. In addition to expanding its Yonkers, N.Y., distribution center by 150,000 square feet, Saks has two stores under construction, is modernizing and enlarging its Manhattan flagship by 70,000 square feet and is planning new point-of-sale terminals for the 40-plus store chain.

Batus is also represented in the Top 100 by Breuners, a furniture retail chain and rental operation based in San Rafael, Cal., with estimated retail sales of \$170 million. And with the department store operations reduced to Marshall Field and the two Iveys divisions in the Southeast, Batus has picked up the pace of expansion at Thimbles, where 15 stores will be opened this year, to give it 46 in operation by the end of the year.

T. J. Maxx and Hit or Miss, the two Zayre off-price apparel chains, had combined sales of \$1.1 billion last year, with T. J. Maxx enjoying healthy same-store sales gains as volume reached an estimated \$840 million. T. J. Maxx added 35 stores to give it 191 in operation at the end of the year. This year it opens a new 780,000 square foot distribution center in Evansville, Ind., in order to support expansion in the central part of the country.

Rank	Company/Chain (Headquarters)	Parent	Type	Sales (000,000)	% Increase (De- crease)	Units	% Increase (De- crease)
60.	Gordon Contemporary ⁹ (Houston)	Gordon	Jewelry	236	3.5	417	1.2
61.	Fabri-Centers ¹⁰ (Cleveland)	Ind	Textile	233	2.7	670	2.7
62.	Kay Jewelers ¹³ (Alexandria, Va.)	Ind	Jewelry	232	12.1	338	NC
63.	Brooks Brothers (New York)	Allied	Apparel	230	4.5	50	6.4
64.	Syms (New York)	Ind	Apparel	215	5.4	15	36.4
65.	Fretters (Livonia, Mich.)	Ind	Cons Elec	214	94.0	39	44.4
66.	Filene's Basement (Boston)	Fed	Apparel	213	12.7	17	13.3
67.	J. Byron (Miami)	Am- cena	Apparel	210	-4.5	49	-14.0
	Reliable Stores (Columbia, Md.)	Ind	Furniture, jewelry	210	9.9	181	2.8
	Foxmoor (W. Bridgewater, Mass.)	Dylex	Apparel	210	30.0	607	-1.8
70.	Chess King (Worcester, Mass.)	Melville	Apparel	206	2.5	517	2.0
71.	Tower Records (Sacramento, Calif.)	Ind	Records/ tapes	205	13.9	40	NC
72.	Pier One (Fort Worth)	Ind	Giftware	204	17.6	306	22.4
73.	Cloth World (St. Louis)	Brown Gr	Textiles	201	5.8	301	-0.7
74.	Ohrbach's ¹¹ (New York)	Am- cena	Apparel	200	NC	12	NC
75.	Rhodes (Atlanta)	Ind	Furniture	197	18.2	77	10.0
76.	Haverty (Atlanta)	Ind	Furniture	196	11.8	68	4.6
77.	W. S. Badcock (Mulberry, Fla.)	Ind	Furniture	190	18.8	220	3.8
78.	Pacific Stereo ¹¹ (Emeryville, Calif.)	C-M	Cons Elec	185	-9.6	64	-24.7
79.	Parisian (Birmingham, Ala.)	Ind	Apparel	184	10.4	13	8.3
80.	Audio/Video Affil- iates (Dayton, O.)	Ind	Cons Elec	182	53.8	78	56.0

Hit or Miss, with much smaller stores in its chain of 428 units, including 31 added last year, has improved profitability on sales estimated at \$260 million, which puts it in the middle of the Top 100.

Rounding out the Top 10 is Carter Hawley Hale's Dallas-based Neiman-Marcus, with sales estimated at \$820 million in its 22 stores, including a 120,000 square foot unit opened last year in Palo Alto, Cal.

Specialty stores again increased their contribution to CHH volume last year, generating 27.4% of the company's sales compared with 26.2% and 25.7% the two previous years, respectively. That will probably change this year, however, as CHH sold off its Holt,

Renfrew operation in Canada at the beginning of the year.

CHH also operates the 133-unit Contempo Casual chain and the one-store Bergdorf Goodman operation, each with sales in the \$90 million to \$100 million range.

Levitz furniture, in the No. 11 spot, is still sorting out its family feud problems, but managed to boost sales slightly to \$788 million last year.

Resting in the No. 12 spot is Circuit City, the largest of the new breed consumer electronics and appliance stores which have grown so dramatically in the past couple of years.

Headquartered in Richmond, Va., Circuit City—which was formerly known as Ward Co.—lopped off its

Rank	Company/Chain (Headquarters)	Parent	Type	Sales (000,000)	% Increase (De- crease)	Units	% Increase (De- crease)
	Heilig-Meyers ¹² (Richmond, Va.)	Ind	Furniture	182	29.1	214	69.8
82.	Pic'n'Pay ¹³ (Charlotte, N.C.)	Bata	Shoes	181	1.7	689	7.2
83.	Breuners (San Ramon, Calif.)	Batus	Furniture	170	3.0	17	NC
	Manhattan Indus- tries ¹⁴ (New York)	MI	Apparel	170	NC	109	NC
85.	Seaman's ¹⁵ (Carle Place, N.Y.)	Ind	Furniture	169	24.3	24	NC
86.	Merry-Go-Round (Towson, Md.)	Ind	Apparel	164	3.8	334	22.8
87.	The Children's Place (Pine Brook, N.J.)	Fed	Apparel	159	16.8	158	38.6
88.	Berman's (Minneapolis)	WR Grace	Leather	155	19.2	145	19.8
89.	Bonwit Teller (New York)	Allied	Apparel	150	7.1	15	NC
	Ann Taylor (New York)	Allied	Apparel	150	36.4	73	NA
	McDuff/Scott* (Fort Worth)	Tandy	Cons Elec	150	*	249	*
	Lamonts	Ind	Apparel	150	11.1	30	7.1
93.	Deb Shops (Philadelphia)	Ind	Apparel	147	22.2	190	18.0
94.	Linens "N' Things (Roseland, N.J.)	Melville	Home textiles	145	13.9	116	17.2
95.	The Talbots (Hingham, Mass.)	Genl Mills	Apparel	144	NA	70	NA
96.	Shoetown (Totowa, N.J.)	Ind	Shoes	143	8.5	205	5.7
	Tiffany (New York)	Ind	Jewelry	143	10.0	8	NC
98.	Newmark & Lewis (Hicksville, N.Y.)	Ind	Appliances	142	26.0	34	36.0
99.	Palais Royal (Houston)	Ind	Apparel	137	1.5	27	3.8
	Crown Books (Landover, Md.)	Ind	Books	137	19.3	187	3.3
101.	Gordon Traditional ⁹ (Houston)	Gordon	Jewelry	131	-0.8	187	-3.8
102.	Clothestime (Anaheim, Calif.)	Ind.	Apparel	127	29.0	190	23.0

entire Lafayette division in New York City and bowed out of selling in leased departments in Zody's discount stores in southern California as it pumped sales up 35.9% to \$705 million.

Along the way, Circuit City also opened a major distribution center and four superstores in the Atlanta market and added seven more superstores in the greater Los Angeles area. In all, the company opened 17 of the larger units and five conventional stores to give it a total of 69 in operation at the end of the year.

Kinney Shoe is still the F. W. Woolworth flagship in the Top 100 Specialty Store survey. The division closed more stores than it opened last year, reducing its count to 1,505, but managed to

boost sales 4.6% to \$701 million, which ranks it No. 13.

Specialty stores are where Woolworth's future apparently lies, as the company added \$25 million in June to the \$200 million previously budgeted for new stores and remodeling, with most of the extra money going to specialty stores.

In noting that the specialty stores were ticketed for further "explosive" growth this year, Harold E. Sells, Woolworth president and chief operating officer, says approximately 650 new units are planned, compared with 500 specialty stores opened last year and 430 the year before.

Where shoe retailing had once been the major diversification move for the

traditional general merchandise and variety store retailer, Woolworth has, Sells adds, "begun to broaden the base of our specialty operations" with moves into men's, women's, and children's apparel; costume jewelry, fast food, stationery, and other lines.

He cited as an example, a traditional Woolworth store in Jacksonville, Fla., which has been joined by an Afterthoughts costume jewelry boutique, a Herald Square stationery store and a Frame Scene picture-frame specialty store, all occupying space formerly used by the Woolworth unit.

Other Woolworth chains in the Top 100 Specialty Stores are Foot Locker, with \$409 million sales in 635 stores; and Richman Brothers, the Cleveland-based men's wear chain with \$254 million volume. Among Woolworth's other specialty formats is the Kids Mart/Little Folks children's apparel group with \$101 million in sales.

With apparently endless growth opportunities in front of it, the Volume shoe division of May Department Stores Co. added a total of 205 Payless ShoeSource stores last year to give it 1,867 in operation at year end, as the chain boosted sales 28.2% to \$697 million.

Next on the chart, at No. 15, is the revamped Gap Inc., which sold off its Pottery Barn operation on the East Coast and expanded its Banana Republic safari wear clothing stores to 35 units with national geographic distribution.

Finally working itself free from its dated blue denim image, Gap Inc. added a total of 25 stores and boosted sales 24.9% to \$647 million. Levi's brand merchandise, which at one time was the only thing that could be found in Gap Stores, now represents only about a quarter of the sales.

Hartmarx—formerly known as Hart Schaffner and Marx—experienced record sales in its specialty store operation as it instituted new efficiencies through centralized retail accounting, credit, distribution and merchandising operations.

Combined with sales in its factory outlet stores, Hartmarx retailing generated sales of \$634 million in 467 locations.

While the direct outlet Kuppenheimer stores experienced a rough trip last year and the Chas. A. Stevens women's apparel chain was sold off at the end of the year, Hartmarx noted particular success with its new Corporate Woman format operated by Jas. K. Wilson and the Jaymar/Sansabell Slack Shops. Hartmarx also operates such stores as Wallach's, Baskin, F. R.

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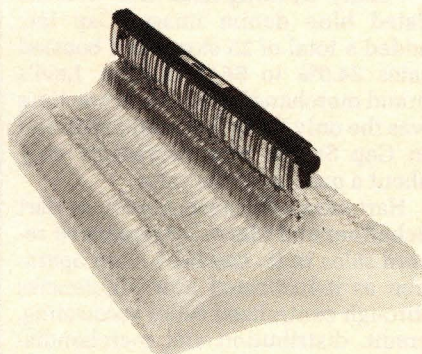
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Tripler and Country Miss, among others.

Another manufacturer that has done some serious reshuffling of its retail operations is St. Louis-based Brown Group which acquired 37 women's specialty shoe stores from independent operators; opened 105 new company-owned women's specialty footwear stores; merged the 193-unit Regal men's shoe chain into the Wohl Shoe operation, closing 24 along the way, and relocated the Linen Center central offices to Cloth World headquarters in St. Louis.

In explaining the moves, the company noted, "These changes were made during a period of continued oversupply, continuous promotion and generally spotty consumer demand in the retail footwear business." In addition, the company said, "Several new business initiatives have been undertaken by the specialty retailing group and prospects for new retail products and store formats in 1986 are excellent."

Brown Group is represented on the Top 100 Specialty Store chart by its retail shoe store with combined sales of \$625 million in 1,302 stores and Cloth World with \$201 million volume in 301 stores.

Waldenbooks, the K mart bookselling division based in Stamford, Conn., which added 68 stores while closing 11 last year, generated sales estimated at \$560 million, which puts it No. 18 on the chart.

As with most shoe manufacturers who are also in retailing, Edison Brothers experienced a disappointing year in 1985. By its own analysis, Edison Brothers said, "Sales were down in part because the women's shoe fashion picture did not offer sufficient excitement to cause customers to buy more than basic wardrobe replacements."

As a result, earlier this year, Edison Brothers reorganized its retail operations in an effort to allow each of its major chains—Bakers/Leeds, Burts and Chandlers—to develop its own marketing strategy.

The Edison retail footwear operation produced volume of \$528 million in 1,403 stores, while the retail apparel division, which includes Jeans West/Oak Tree and 5-7-9 Shops, generated \$281 million volume in 1,302 locations.

Highland Superstores experienced another year of rapid sales growth as the Taylor, Mich.-based retailer of consumer electronics and appliances opened eight stores and pumped sales up 45.1% to \$521 million, which puts it in 21st position on the Top 100 list.

Right behind comes Alexanders, the New York-headquartered value-oriented apparel chain with sales of \$520 million. Alexanders has plans to sell off or redevelop its Manhattan flagship for nonretail use, which will leave it with fewer stores and greatly reduced selling space after several years of flat performance.

Next comes Casual Corner, the U.S. Shoe operation with main offices located in Enfield, Conn., and volume estimated at \$515 million in 624 stores.

With its J. Riggings men's wear division going nowhere, the Proving Ground operation shut down and the Home Front home textiles chain "a major disappointment," U.S. Shoe is banking heavily on its women's wear formats that include Ups 'N' Downs, for young women; Caren Charles, for misses sizes; Petite Sophisticate for petite sizes; Career Image for working women, and August Max for more fashion-conscious consumers. The company also operates T. H. Mandy off-price stores; Front Row apparel super stores; LensCrafters eyeglass and contact lens retail outlets, and William Hahn retail shoe stores.

Child World, the Avon, Mass.-based toy store chain that was operated by Cole National until a couple of years ago, increased sales by 17.8% to \$513 million last year to place it No. 24 on the chart, just ahead of Melville's Thom McAn division.

Next comes Zale Jewelers, the popular-priced jewelry chain operated by Zale Corp. of Dallas. Combined with the former Mission division stores last year, Zale Jewelers showed sales of \$486 million for the year ended March 31, 1986.

Zale Corp., which has been fighting off a series of takeover bids by the Canadian-owned Peoples Jewellers, is also represented in the Top 100 by Bailey Banks Biddle, the former Fine Jewelers Guild division, which had volume of \$317.5 million for the most recently completed fiscal year.

Silo Electronics, the Philadelphia-based consumer electronics and appliance retailer owned by Pittsburgh-based Cyclops Corp., showed increases typical of its retailing segment, boosting sales to an estimated \$475 million.

In the No. 28 spot is Brooks Fashion Stores, the New York-based apparel chain acquired in 1985 by Canadian retail giant Dylex Ltd. Brooks, by itself, did \$436 million out of 781 American stores. (The T. Edwards stores, which are also part of Dylex' American women's retail group, did \$70 million.)

NEW JERSEY'S 100 HIGHEST-PAID EXECUTIVES*

1986 Rank	1985 Rank	Name, Age, Position(s) Held	Company, Location	Cash Compensation \$
1	1	Charles Lazarus, 61, Chairman of the Board, CEO	Toys "R" Us, Rochelle Park	2,417,000
2	2	James Wood, 55, Chairman of the Board, CEO	Great Atlantic & Pacific Tea Co., Montvale	1,814,998
3	3	Richard Gillman, 54, Chairman of the Board, CEO	Bally's Park Place Inc., Atlantic City	1,512,007
4	4	Edward Hennessy Jr., 57, Chairman of the Board, CEO	Allied-Signal, Morristown	1,218,750
5	9	Richard M. Furlaud, 63, Chairman of the Board, CEO	Squibb Corp., Princeton	1,050,000
6	10	James E. Burke, 61, Chairman of the Board, CEO	Johnson & Johnson, New Brunswick	998,443
7	—	Forrest N. Shumway, 58, Vice Chairman of the Board	Allied-Signal, Morristown	986,750
8	11	Herbert Fisher, 63, Chairman of the Board, CEO	Jamesway, Secaucus	868,856
9	19	Joseph D. Williams, 59, Chairman of the Board, CEO	Warner Lambert Co., Morris Plains	840,000
10	22	David R. Clare, 60, President, Executive Officer	Johnson & Johnson, New Brunswick	785,235
11	14	Fred R. Sullivan, 71, President, CEO	Kidde Inc., Saddle Brook	779,964
12	18	Thomas A. Holmes, 62, Chairman of the Board	Ingersoll-Rand, Woodcliff Lake	757,083
13	27	Robert P. Luciano, 52, Chairman of the Board, CEO	Schering-Plough, Madison	756,508
14	16	John R. Kennedy, 55, President, CEO	Federal Paper Board Co., Montvale	755,402
15	15	Sy Syms Merns, N/A, Chairman of the Board, CEO	Syms Corp., Lyndhurst	750,000
16	12	George J. Sella Jr., N/A, Chairman of the Board, CEO, Subsidiary Officer	American Cyanamid Co., Wayne	731,633
17	28	John L. Huck, 65, Chairman of the Board	Merck & Co., Inc., Rahway	727,156
18	33	Robert Van Buren, 60, Chairman of the Board, CEO, Subsidiary Officer	Midlantic Banks Inc., Edison	722,710
19	24	Orin R. Smith, 50, CEO	Engelhard Corp., Edison	700,000
20	—	Paul M. Montrone, N/A, Executive Vice President	Allied-Signal, Morristown	688,712
21	21	Dennis C. Fill, 55, President, COO	Squibb Corp., Princeton	687,340
22	—	Daniel W. Derbes, N/A, Executive Vice President	Allied-Signal, Morristown	686,212
23	62	P. Roy Vagelos, 56, President, CEO	Merck & Co., Inc., Rahway	679,190
24	34	Alex Audekman, 70, Chairman of the Board	Supermarkets General, Woodbridge	676,000
25	35	Leonard Lieberman, 57, President, CEO	Supermarkets General, Woodbridge	676,000
26	30	Wesley J. Howe, 64, Chairman of the Board, President, CEO	Becton Dickinson & Co., Paramus	670,000
27	23	Norman Ricken, 48, President, COO	Toys "R" Us, Rochelle Park	668,974
28	36	R. Gordon McGovern, 59, CEO	Campbell Soup Co., Camden	650,000
29	38	David C. Garfield, 58, President	Ingersoll-Rand, Woodcliff Lake	612,250
30	56	Melvin R. Goodes, 50, President, COO	Warner Lambert Co., Morris Plains	595,000
31	41	Frank DeAngeli, N/A, Executive Officer	Johnson & Johnson, New Brunswick	585,632
32	40	William C. Purple, N/A, Executive Vice President	Allied-Signal, Morristown	582,917
33	—	Anthony F. Stepanski, 43, Executive Vice President	AGS Computers, Mountainside	581,176
34	—	John A. Teske, N/A, Executive Vice President	Allied-Signal, Morristown	577,567
35	77	Henry V. Harder, 61, Chairman of the Board, President	Chubb Corp., Warren	570,185
36	—	Samuel J. Heyman, 69, CEO	GAF, Wayne	567,000
37	71	Robert H. McCaffrey, 59, Chairman of the Board, CEO	C.R. Bard & Co., Murray Hill	561,000
38	60	Robert R. Ferguson, Jr., 62, CEO	First Fidelity Bancorp, Newark	559,000
39	42	Gerard L. Seelig, N/A, Executive Vice President	Allied-Signal, Morristown	557,917
40	47	Harvey H. Lamm, 50, President, CEO	Subaru of America Inc., Pennsauken	557,254
41	46	Arthur M. Quilty, 61, Executive Officer	Johnson & Johnson, New Brunswick	556,012
42	—	John Lyons, 59, Executive Officer	Merck & Co., Inc., Rahway	539,232
43	57	T. Joseph Semrod, 49, Chairman of the Board, President, Subsidiary Officer	United Jersey Banks, Princeton	534,000
44	39	G. Mason Reynolds, N/A, Executive Vice President	Allied-Signal, Morristown	532,917
45	44	Alan Belzer, N/A, Executive Vice President	Allied-Signal, Morristown	527,917
46	61	Charles X.C. Tse, 59, Vice Chairman of the Board	Warner Lambert Co., Morris Plains	521,167
47	55	Herbert Stolzer, 60, Executive Officer	Johnson & Johnson, New Brunswick	513,050
48	50	Martin Himmel, 59, Chairman of the Board, President	Jeffrey Martin Inc., Union	501,923
49	52	William Weinberger, 73, President	Bally's Park Place Inc., Atlantic City	501,647
50	59	T. Roland Berger, 76, Chairman of the Board, President	Curtiss-Wright Corp., Wood-Ridge	499,569
51	—	Kevork S. Hovnanian, 62, Chairman of the Board, President	Hovnanian Enterprises, Red Bank	496,360
52	72	James R. Elszner, 58, President, CEO	CPC International Inc., Englewood Cliffs	495,000
53	65	A.M. Williams, N/A, Executive Vice President	Campbell Soup Co., Camden	483,000
54	—	Robert B. O'Brien, Jr., 51, CEO	Carteret Savings & Loan, Morristown	479,000
55	—	Howard F. Powers, 53, Senior Vice President, Subsidiary Officer	Merck & Co., Inc., Rahway	478,889
56	20	Joseph F. Abely Jr., 57, Chairman of the Board, CEO	Sea-Land Corp., Edison	475,693
57	96	William N. Lane, 57, Chairman of the Board	Emerson Radio, Secaucus	475,000
58	97	Stephen L. Lane, 49, President	Emerson Radio, Secaucus	475,000
59	—	George E. Stock, 64, President, Subsidiary Officer	Midlantic Banks Inc., Edison	466,630
60	84	Abraham E. Cohen, 49, Senior Vice President	Merck & Co., Inc., Rahway	462,700
61	—	Bernard J. Korman, 54, President	MEDIQ Inc., Pennsauken	461,000
62	64	James Rowe, 61, Vice Chairman of the Board, Chief Administrative Officer	Great Atlantic & Pacific Tea Co., Montvale	455,000
63	67	Peter E. Simon, 58, President, CEO, Chairman of the Board	Prime Motor Inns, Fairfield	450,000
64	68	Melvin S. Taub, 63, Senior Vice President	Prime Motor Inns, Fairfield	450,000
65	69	Samuel Brodie, 66, Executive Vice President	Prime Motor Inns, Fairfield	450,000
66	70	Herbert Kay, 58, Senior Vice President	Prime Motor Inns, Fairfield	450,000
67	100	Peter J. Gianacakes, 61, Chairman of the Board, CEO	Research Cottrell, Somerville	447,500
68	—	Bernard Paroly, 66, Executive Vice President	Supermarkets General, Woodbridge	439,337
69	58	Monroe G. Milstein, 59, President, CEO	Burlington Coat Factory, Burlington	437,800
70	54	James McKee Jr., 63, Chairman of the Board	CPC International Inc., Englewood Cliffs	432,667
71	—	Thomas M. Begel, 43, President, CEO, Chairman of the Board	Pullman-Peabody Co., Princeton	425,000
72	76	Cyrus H. Holley, 48, Senior Vice President	Engelhard Corp., Edison	425,000
73	90	Clyde H. Folley, 58, Senior Vice President, CEO	Ingersoll-Rand, Woodcliff Lake	414,750
74	—	R.E. Boni, 58, Chairman of the Board, CEO	Armco Steel, Morristown	414,167
75	85	George E. Oakley, Jr., 66, Senior Vice President	Federal Paper Board Co., Montvale	412,803
76	79	Edward Botwinick, 50, Chairman of the Board, CEO, President, COO	TimePlex Inc., Woodcliff Lake	412,500
77	83	Kenneth A. Peterson, 65, Senior Vice President	Federal Paper Board Co., Montvale	410,582
78	80	Jan Leschly, 44, Group Vice President	Squibb Corp., Princeton	410,008
79	—	Robert Miller, 45, Group Vice President	Squibb Corp., Princeton	407,622
80	—	Russell Berrie, 53, Chairman of the Board, President	Russ Berrie & Co., Oakland	400,000
81	—	Harold W. Sonn, 64, Chairman of the Board, President	Public Service Electric & Gas, Newark	398,468
82	86	Alan Goulding, 54, Senior Executive Vice President	Great Atlantic & Pacific Tea Co., Montvale	395,192
83	—	John D. Wallace, 53, President, COO, Subsidiary Officer	New Jersey National, Trenton	393,126
84	—	Nelson B. Colton, 54, Senior Vice President	Engelhard Corp., Edison	393,008
85	—	Josh S. Weston, 56, President, COO	Automated Data Processing, Roseland	389,966
86	—	Dean R. O'Hare, 43, Executive Vice President	Chubb Corp., Warren	388,223
87	—	George T. Maloney, 53, President, COO	C.R. Bard & Co., Murray Hill	385,000
88	93	Arlie G. Lazarus, 47, President, COO	Jamesway, Secaucus	381,897
89	—	Robert J. Dirks, 58, Senior Vice President, CEO	Warner Lambert Co., Morris Plains	379,667
90	—	Roger King, 40, Chairman of the Board	King World Productions, Inc., Summit	379,000
91	—	Michael King, 37, President, CEO	King World Productions, Inc., Summit	379,000
92	95	Eckart C. Siess, 48, Vice Chairman of the Board	Great Atlantic & Pacific Tea Co., Montvale	375,000
93	—	R. Lee Jenkins, 56, Executive Vice President	Schering Plough, Madison	369,438
94	—	Thomas J. Stanton, Jr., 58, Chairman of the Board, CEO	First Jersey National Corp., Jersey City	369,423
95	—	Richard J. Kogan, 44, Executive Vice President	Schering Plough, Madison	368,140
96	—	Wolfgang Hesse, 57, Corporate Vice President	CPC International Inc., Englewood Cliffs	362,000
97	—	Bernard N. Ames, 69, N/A	Kidde Inc., Saddle Brook	353,000
98	89	William A. Liffers, 57, Vice Chairman of the Board	American Cyanamid Co., Wayne	350,000
99	—	A.J. Costello, 50, Executive Vice President	American Cyanamid Co., Wayne	343,223
100	—	F.V. Atlee, 45, Executive Vice President	American Cyanamid Co., Wayne	336,958

*Ranked by cash compensation

Heck's Has Losses of \$7.8M In Quarter, \$17.8M in Year

NITRO, W.Va. (FNS) — Heck's, Inc., which is reorganizing in Chapter 11 proceedings, lost about \$7.8 million in the quarter and \$17.8 million in the fiscal year ended Jan. 3, according to preliminary unaudited operating results.

The company lost \$5.4 million in the 13 weeks and \$4.9 million in the year ended Dec. 28, 1985. The 1986 loss was after a LIFO (last-in-first-out) charge of \$4 million and a \$3.4 million credit from termination of the company's pension plan.

Sales in the latest quarter were flat at \$181.2 million against \$182 million in the same period the year before. Heck's operated 158 stores in the latest quarter, compared with 165 a year ago.

Sales for the year rose 8.2 per cent to \$566.3 million from \$523.3 million.

A company spokesman said that Heck's has been generating "positive levels of cash and meeting post-petition payables in timely fashion" since filing its Chapter 11 petition March 5.

The spokesman said that as a

result the flow of merchandise from vendors had improved, particularly compared with the two months prior before it entered Chapter 11, although it isn't yet at customary levels nor on completely normal terms.

The company will meet with major creditors on Thursday, according to a company official.

Creditors have organized a committee and selected Otterbourg, Steindler, Houston & Rosen of New York and Jackson, Kelly, Holt & O'Farrell of Charleston as co-counsel.

Heck's said the previously announced closing of 29 unprofitable stores is "proceeding according to plan."

The company noted that despite the yearend loss it still had a \$71.8 million stockholders equity. Inventory at yearend was about \$123.6 million, compared with \$162.3 million the year before.

Heck's also said it had retained Touche Ross & Co. as its auditors. Touche will complete all work in connection with the audit of 1986 financial statements, the company said.

Target's Ulrich Adds Chief Operating Title

MINNEAPOLIS — Robert Ulrich, president of Target Stores, the discount division of Dayton Hudson Corp., has added the new title of chief operating officer.

In addition to his current merchandising, importing, advertising and sales promotion responsibilities, he will now assume responsibility for store operations.

Ulrich joined Target as president in December 1984, coming from Dayton Hudson Department Store Co., where he had been president for seven months. Earlier, he was with Diamond's, the Tempe, Ariz.-based chain owned by Dillard Department Stores. There he had been president and chief executive officer since 1981.

Fred Schmid, executive vice-president, store operations, at Target, has been named executive vice-president, operations, a new post. He assumes responsibility for distribution and will report to Ulrich. Schmid joined Target in 1979, and was promoted to his current executive vice-president post in 1983.

Don Heide, vice-president, distribution, has been named senior vice-president, distribution, reporting to Schmid. Heide joined Target in 1975, and has been in his current post since April 1985.

Bob McMahon, vice-president, planning and control, has been named senior vice-president, merchandise planning and control, a new post. He will report to Ulrich. McMahon joined Target in 1983 and was promoted to his current post in March 1985.

May Co. Signs Accord to Sell Sycamore Div.

ST. LOUIS (FNS) — May Department Stores Co. has signed an agreement to sell its Sycamore specialty store division, a Midwest chain of women's apparel stores that it acquired as part of its merger with Associated Dry Goods in the fall, to a private investor group including Sycamore's senior management.

The investors include Jame A. Rodefeld, president and CEO of Sycamore, David P. Williams, 3d, former president of Associated Dry Goods, Alvin C. Fernandes, Jr., president of the Merchants Association of Indianapolis, Inc., and Vista Ventures of New Canaan, Conn. Indiana National Bank is providing a portion of the funding.

The price was not disclosed. However, Sycamore had sales in 1986 of \$40 million.

The unit consists of 111 stores in Indiana, Illinois, Ohio, Kentucky and Michigan. They average 25,000 square feet, and employ a total of 1,000.

Concord Fabrics' Earnings Balloon 64% in 2d Quarter

NEW YORK (FNS) — Benefitting from the disposal of its computer software division, Concord Fabrics, Inc.'s net earnings jumped 64 per cent in the second quarter and 36.1 per cent in the six months ended March 1.

Earnings for the quarter totaled \$1,110,484, or 62 cents a share, up from \$677,192, or 38 cents, in the year-ago period. Earnings in the latest period include a \$270,000 gain from the disposal of the software division, while in the year-ago second quarter, that division lost \$54,808.

Second quarter sales grew 17.5

per cent to \$36,569,980 from \$31,113,802.

In the six months, earnings reached \$1,649,453, or 92 cents, compared with \$1,211,597, or 68 cents. Along with the \$270,000 gain in the latest period, there was a \$126,749 charge in the year-ago period from the software division's operations.

Sales for the six months were up 16.7 per cent to \$68,237,192 from \$58,481,140.

Concord makes fabrics for the apparel industry.

Company officials could not be reached for comment.

Aldo Gucci to Finish Out Sentence in Halfway House

NEW YORK (FNS) — Aldo Gucci, former head of the Gucci empire, has been released from a federal prison at Eglin (Fla.) Air Force Base to spend the last 100 days of his sentence at a West Palm Beach halfway house.

Gucci, 82, was sentenced last year to one year in prison for income tax evasion, and began his sentence at the minimum security facility Oct. 15.

Mike Cooksey, superintendent at Eglin, said Tuesday that he liked to release each prisoner to a halfway house prior to the end of the sentence. "It wouldn't be right to throw them out on the street straight from prison," he said.

Gucci left the prison Monday and boarded a commercial flight

unescorted for the 600-mile trip across state, Cooksey said. The halfway house, in West Palm Beach, is run by the Salvation Army and attached to a transient hotel. It is located not far from Gucci's Palm Beach house.

James Travis, the assistant director of the halfway house, said inmates at the 25-bed facility must be employed at an approved job and must return to the house by 10 p.m., but were pretty much free to travel during the day.

Travis said inmates typically ate all their meals away from the halfway house, usually at home, as long as they cleared it with the staff.

Gucci is scheduled to be released from the halfway house July 8.

Syms Net Soars 72.7% in Quarter

LYNDHURST, N.J. (FNS) — Syms Corp. earnings, helped by gains from the sale of real estate at the end of the year, jumped 72.7 per cent in the fourth quarter and 16.2 per cent in the year ended Dec. 31.

A Syms spokesman added that sales were up slightly at comparative stores, but the figures also reflect sales generated from November store openings in Pittsburgh and Secaucus.

Syms, a chain of off-price apparel stores, opened its 18th unit in Miami last year.

Fourth quarter earnings totaled \$7.6 million, or 43 cents a share, compared with \$4.4 million, or 25 cents, in the year-ago period. The latest fourth quarter figure includes an after-tax gain of 9 cents a share, or about \$1.6 million, on

the sale of real estate.

Sales for the fourth quarter climbed 7.6 per cent to \$72,014,000 from \$67 million.

No Comment From Hinerfeld On Cardin Sale

NEW YORK — Norman Hinerfeld declined to comment Tuesday on reports carried in DNR (March 31, Page 6) that his Cardin Shirt Co. is up for sale and that he has held preliminary negotiations with the Phillips-Van Heusen Corp.

Hinerfeld is chairman and chief executive officer of Wingspread Corp. He holds the same position with Oak Lane Limited Co., which was formed last September to acquire the Pierre Cardin division from Eagle Shirmakers, a part of Palm Beach Co. Hinerfeld added that his Cardin unit is a separate company and is not affiliated with Wingspread.

As reported in Tuesday's DNR, executives of both P-VH and the Cardin licensing office declined to confirm or deny the reports. Hinerfeld was unavailable for comment Monday.

Raven Industries

SIoux FALLS, S.D. (FNS) — Raven Industries returned to profitability in the fourth quarter and earnings increased 31.7 per cent in the year ended Jan. 31.

In the quarter, earnings were \$101,000, or 6 cents a share, against a loss of \$142,000 in the year-ago quarter. Sales climbed 43.8 per cent to \$12,564,000 from \$8,736,000.

In the year, earnings reached \$2,122,000, or \$1.34, from \$1,611,000, or \$1.02.

IN BRIEF

Judith Leiber Wins Suit Vs. Leif Lowe

NEW YORK (FNS) — Judith Leiber, Inc., a handbag and accessory designer and manufacturer, said it had obtained a consent judgment in Hong Kong Supreme Court ending a copyright infringement suit against Leif Lowe Mfg. Ltd.

Judith Leiber brought the suit last fall charging Leif Lowe infringed its handbag design copyright. Under the settlement, Leif Lowe was required to pay some damages, relinquish dyes or molds and provide a list of distributors that purchased the alleged imitation bags.

Richard Huffman of Baden, Kramer, Huffman & Brodsky, counsel for Leiber, said the company had since filed suits against two of those distributors in Hong Kong, seeking names of companies that bought the bags from them.

Southern Yarn Credit Elects Rick Breedlove

CHARLOTTE, N.C. (FNS) — Rick Breedlove of Ti-Caro, Inc., has been elected president of the Southern Yarn Credit Group.

Other officers elected were: vice-president, Jim Wilson, Macfield Texturing, Inc.; treasurer, David Cox, SCT Yarns, Inc., and secretary, Larry Sheehan, Collins & Aikman.

Directors include: Dan Marks, Barclays American/Commercial; Bert Bonabeau, Harriet & Henderson Yarns, and Dan Rich, NCNB

Financial Services.

Solo Credit Service Corp. will become secretary to the group.

Maz Fabrics Sues Delta Over Design

NEW YORK (FNS) — Maz Fabrics, Inc., has filed a copyright infringement suit against Delta Fabrics, Inc., over Maz's "Pattern No. 3259" design.

The suit was filed in federal court, charging Delta with copying the fabric design. It seeks damages of \$250,000, injunctions, an accounting of profits and a delivery of the allegedly infringing goods.

Delta is at 149 West 36th Street. Maz, located at 109 West 38 Street, is represented by Schwartz & Schlacter. Judge Robert W. Sweet is handling the case.

John Kopchik Joins Collection Services

NEW YORK (FNS) — John Kopchik, who recently retired from Dun & Bradstreet, joined Al Can Collection Services Co. today as a vice-president.

Kopchik also will be responsible for sales at Al Can, a Pelham-based collection agency.

Kopchik had been with D&B 36 years, most recently as a vice-president and director of credit for the Credit Clearing House Division. Kopchik left D&B as part of an early retirement program offered by the company at the beginning of the year.

Burlington Coat thrives with off-price

By SIDNEY RUTBERG

NEW YORK (FNS) — Monroe G. Milstein, who runs a retail operation expected to do a volume of \$450 million this year, got his start in the retail business selling on Saturdays at his father's SA showroom.

"We still do a pretty good business on Saturdays here," says Milstein, interviewed in a showroom on 38th Street where 60 years ago his father started a coat manufacturing business. Milstein now is chairman and chief executive officer of Burlington Coat Factory Warehouse Corp., a 91-store off-price retailer that went public in 1983 when off-price was considered the secret to instant riches.

It worked for Milstein and his family, who netted about \$66 million from the public offering while retaining 65 percent of the company's stock, but a number of other retailers flopped in the off-price business.

Although a very small part of Burlington Coat today, the company still does a wholesale women's coat business. The company also owns a plant in Burlington, N.J., but it's leased out to a contractor. "It gives us more flexibility," Milstein says, referring to the contracting arrangement. The plant has 200 machines and can produce 6,000 women's coats or suits in a week. Burlington Coat has stores in 31 states as far south as Jacksonville, Fla., and west to Dallas. This year it expects to open between 12 and 20 new stores.

The men's department, principally men's outerwear, is the number one department, accounting for 32 percent of sales. Women's coats account for 31 percent of sales with the balance coming from women's sportswear and children's wear.

Burlington Coat's first quarter, which ended in January and coincides with the fourth quarter for most retailers, was a record. Sales were \$196,168,000, up 25 percent, and comparable-store sales were

ahead 9 percent. Profits came to \$16,407,000, or \$1.40 a share, compared with \$12,889,000, or \$1.10.

Milstein declined to forecast earnings for the year, noting that "you can never tell what's going to happen in the retail business so I don't make projections." However, he said that historically the first quarter accounts for 70 percent of Burlington Coat's earnings. If this holds true for the current year, the company will earn about \$23,500,000, or about \$2 a share. This compares with \$17,326,000, or \$1.48, in fiscal 1986. Sales last year were \$381,792,000.

He doesn't think off-price has lost any of its

financial focus

cluster, but it's not a magic formula, Milstein said, citing the failure of Dayton Hudson's Plums and Kmart's Designer Depot. "Loehmann's and Sy Syms have been in the off-price business for years and are doing well. You have to know what you're doing in this business."

Burlington Coat, he says, keeps coats down by low-rent locations and large-scale purchases early in the season. "We used to buy closeouts but found we were often just buying other people's mistakes. Although the markups were higher, so were the markdowns."

"We're the number one retailer of outerwear with access to more than 300 vendors. Much of our merchandise is basic. The good designs repeat year after year. About two-thirds of our merchandise is branded goods. We're probably the biggest customer for Misty Harbor and London Fog coats and they only repeat the good numbers. We plan early and give out large orders."

As the number one retailer of outerwear, Milstein thinks Burlington Coat's recent entry into

the fur business is a natural. "The fur business has been growing like crazy for us. In our first full year we did about \$15 million and we could have done more but we ran out of product. We're able to install a fur department in high traffic areas in our stores for very little. We have a good cash position and that can be very helpful in the fur industry." Milstein declined to forecast fur volume expected to be generated at Burlington Coat but he made it clear that he is optimistic.

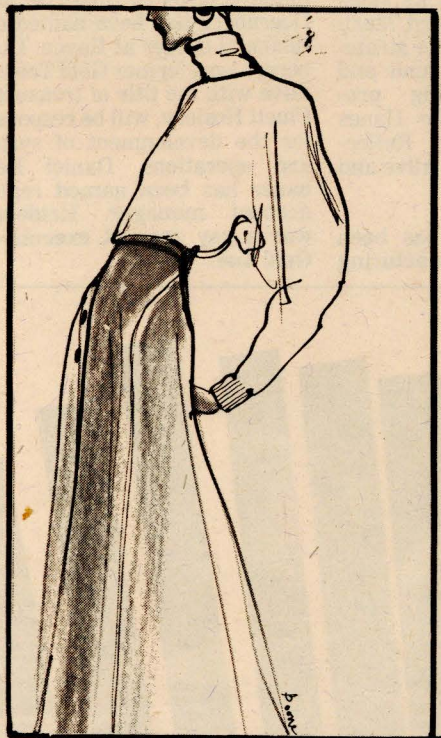
In addition to furs, Burlington Coat is experimenting with juvenile furniture. It has been operating juvenile furniture departments in two Atlanta units and plans to experiment with departments in 12 or 18 other stores. "The Atlanta departments have been very successful," says Milstein.

Most of Burlington Coat's stores are either freestanding or in strip shopping centers, but Milstein says there are a few units in enclosed malls. All mall stores pay relatively low rent because they are either anchors or in older malls. "The common denominator for all our stores is reasonable rent and good visibility."

Milstein says he's regularly called in when retailers are up for sale and he says he's interested in any acquisition that makes sense for his company.

"About two years ago, I met a Gimbels executive at a seminar and we talked about the possibility of buying it. Gimbels had been operating at a loss and the British parent might be willing to sell. I sent a letter to London expressing interest and was told that any sale was at least a year off. A year later I read in the papers that Gimbels was up for sale. We looked at it but nothing developed. We also looked at John Wanamaker in Philadelphia last year and before that at Woodward & Lothrop in Washington but Al Taubman (Detroit real estate developer, A. Alfred Taubman) bought both of them."

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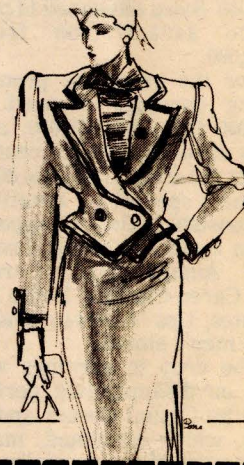
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F. ☐ Education
G. ☐ Ad Agency
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Off-price stores on the money

By **STUART B. CHIRLS**
Daily News Business Writer

Overshadowed by the conspicuous consumption of the 1980s, the off-price retailer has again become a savior for bargain-hungry shoppers.

Free-spending consumers fueled the go-go retail growth that came to an abrupt halt as the recession set in. The struggles of some of the best-known retailers, such as Sears, Macy's, A&S and Bloomingdale's, have been a boon to off-price business.

Jittery suppliers, afraid of being stiffed, have diverted some of their excess inventory to outlets for quick clearance. Gaps in available styles and sizes at department stores have been turned into expanded selection and greater savings at off-price outlets.

"There have been gaps in merchandise at the full-price retailers and we decided to be aggressive over Christmas," said Gene Kosack, president and chief executive officer of NBO, an off-price menswear chain with 34 stores in the metropolitan area. "We've been out in the market making fantastic deals."

NBO caters primarily to a white-collar customer, a group hit hard by corporate layoffs. Said Kosack, "In past recessions, we've done very well, but this is a different situation. Our customers are really feeling it. You have to send the right message and back it up when the customer comes into the store."

One company that pioneered the retail outlet concept is New Jersey-based Burlington Coat Factory, which has grown into a 156-store nationwide chain since its inception in 1972.

"Business is ahead of last year by 10%," commented Monroe Milstein, the company's chairman. "We're getting savings of from 50% to 75% on goods right now, and we're making more buys than ever before because manufacturers are not shipping to retailers that are in trouble."

Burlington's sales totaled \$803 billion in fiscal 1989, and Milstein is hoping to nearly double that, to \$1.5 billion, by 1995. He plans to open 10 to 12 new stores annually over the next several years.

The off-price category has grown by leaps and bounds over the past 10

years, generating \$161 billion in annual sales last year up from \$45 billion in 1980.

"In this economic environment, off-price stores can do very well. There's a wide variety of outlets at which to buy decent merchandise at lower-than-average cost," said Thomas Razukas, vice-president of Fitch Investors Corp.

Discount chains, catalog operations, warehouse clubs and designer outlets give shoppers a dizzying array of choices. These chains, such as Toys R Us, leverage their tremendous buying clout to offer shoppers tremendous selections and rock bottom prices, effectively killing any competition.

"The discount industry has become a legitimate business," said Steven Jacober, publisher of Discount Merchandiser, a trade journal. "Manufacturers once feared discounters, afraid that they would kill the regular full-price sales of their products. Today, they accept it as an opportunity to expand distribution."

Apparel retailers have been at the forefront of the off-price market for as long as people have been buying clothes. The seasonal nature of the merchandise demands rapid clearance, and markdowns are a fact of life. In the metropolitan area, where competition can shave margins razor-thin, shoppers' demands for savings can seem insatiable.

Sy Syms, whose Syms off-price



SY SYMS AND DAUGHTER MARCY outside Secaucus warehouse that opened in 1987. DAILY NEWS

clothing chain operates six stores in the metropolitan area, has been taking more frequent markdowns himself in recent weeks, in response to increasing competition in the area. "Stores seem to be on sale all the time. There seem to be massive promotions every day."

"People don't change their buying

'Manufacturers once feared discounters, afraid that they would kill the regular full-price sales of their products. Today, they accept it as an opportunity to expand distribution.'

— **Steven Jacober**,
trade journal publisher

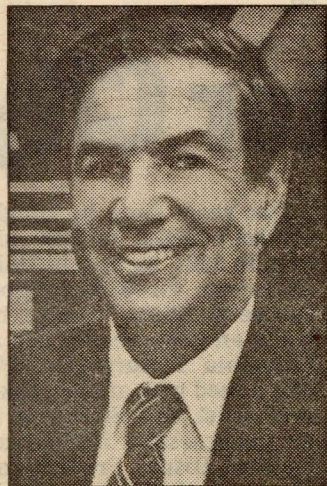
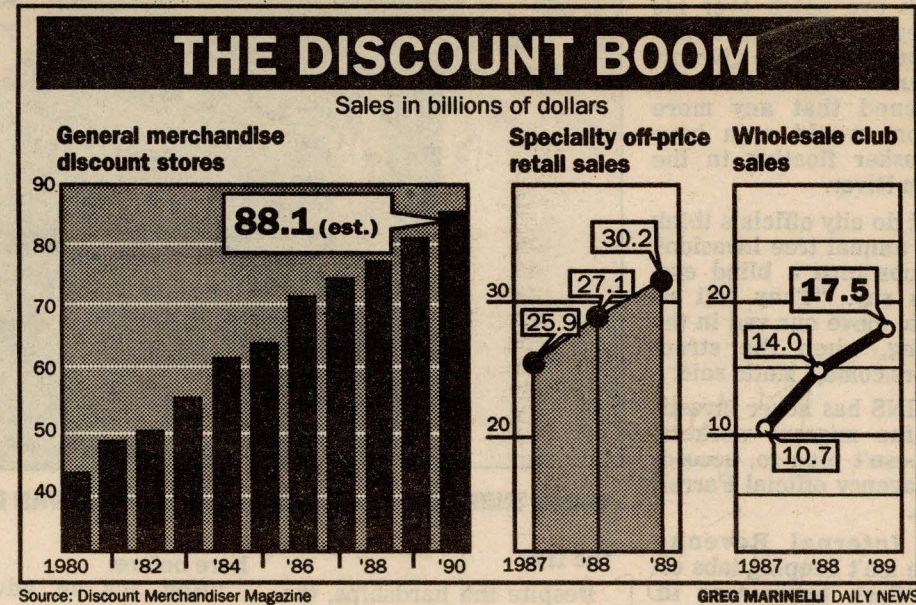
habits that much in a recession," said Syms. "It's still a case of supply and demand, but they still wait for sales."

But shoppers aren't the only ones coming to the off-price retailers. "We're also in business to back the clothing manufacturers," Syms explained. "The manufacturers would be hard-pressed to replace us, but consumers will always find another place to shop."

One of the places they're shopping is the designer outlet, which has begun to proliferate in recent years, as designers and other famous brands look to grab their piece of the off-price pie. Syms said the emergence of the designer outlets has begun to eat into his business.

A correction

Because of editing errors in last Sunday's story on changes at National Lampoon, video company president James Jimirro was incorrectly identified as the former editor of High Times and brother of the actress Ellen Barkin, and Spy co-editor Kurt Andersen's name was misspelled.



MONROE MILSTEIN, above, chairman of Burlington Coat Factory, and opening of one of his New York stores.

DAILY NEWS



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Daily News Business Writer

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"There have been gaps in merchandise at the full-price retailers and we decided to be aggressive over Christmas," said Gene Kosack, president and chief executive officer of NBO, an off-price menswear chain with 34 stores in the metropolitan area. "We've been out in the market making fantastic deals."

NBO caters primarily to a white-collar customer, a group hit hard by corporate layoffs. Said Kosack, "In past recessions, we've done very well, but this is a different situation. Our customers are really feeling it. You have to send the right message and back it up when the customer comes into the store."

One company that pioneered the retail outlet concept is New Jersey-based Burlington Coat Factory, which has grown into a 156-store nationwide chain since its inception in 1972.

"Business is ahead of last year by 10%," commented Monroe Milstein, the company's chairman. "We're getting savings of from 50% to 75% on goods right now, and we're making more buys than ever before because manufacturers are not shipping to retailers that are in trouble."

Burlington's sales totaled \$803 billion in fiscal 1989, and Milstein is hoping to nearly double that, to \$1.5 billion, by 1995. He plans to open 10 to 12 new stores annually over the next several years.

The off-price category has grown by leaps and bounds over the past 10

years, generating \$161 billion in annual sales last year up from \$45 billion in 1980.

"In this economic environment, off-price stores can do very well. There's a wide variety of outlets at which to buy decent merchandise at lower-than-average cost," said Thomas Razukas, vice-president of Fitch Investors Corp.

Discount chains, catalog operations, warehouse clubs and designer outlets give shoppers a dizzying array of choices. These chains, such as Toys R Us, leverage their tremendous buying clout to offer shoppers tremendous selections and rock bottom prices, effectively killing any competition.

"The discount industry has become a legitimate business," said Steven Jacober, publisher of Discount Merchandiser, a trade journal. "Manufacturers once feared discounters, afraid that they would kill the regular full-price sales of their products. Today, they accept it as an opportunity to expand distribution."

Apparel retailers have been at the forefront of the off-price market for as long as people have been buying clothes. The seasonal nature of the merchandise demands rapid clearance, and markdowns are a fact of life. In the metropolitan area, where competition can shave margins razor-thin, shoppers' demands for savings can seem insatiable.

Sy Syms, whose Syms off-price



SY SYMS AND DAUGHTER MARCY outside Secaucus warehouse that opened in 1987.

DAILY NEWS

clothing chain operates six stores in the metropolitan area, has been taking more frequent markdowns himself in recent weeks, in response to increasing competition in the area. "Stores seem to be on sale all the time. There seem to be massive promotions every day."

"People don't change their buying

'Manufacturers once feared discounters, afraid that they would kill the regular full-price sales of their products. Today, they accept it as an opportunity to expand distribution.'

— Steven Jacober, trade journal publisher

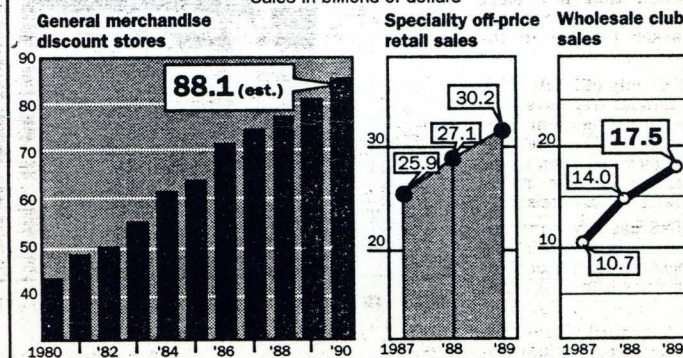
habits that much in a recession," said Syms. "It's still a case of supply and demand, but they still wait for sales."

But shoppers aren't the only ones coming to the off-price retailers. "We're also in business to back the clothing manufacturers," Syms explained. "The manufacturers would be hard-pressed to replace us, but consumers will always find another place to shop."

One of the places they're shopping is the designer outlet, which has begun to proliferate in recent years, as designers and other famous brands look to grab their piece of the off-price pie. Syms said the emergence of the designer outlets has begun to eat into his business.

THE DISCOUNT BOOM

Sales in billions of dollars



Source: Discount Merchandiser Magazine

GREG MARINELLI DAILY NEWS



Inside Wall Street

BY GENE G. MARCIAL

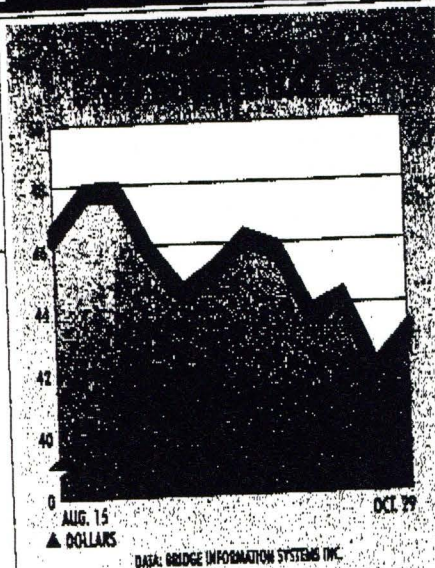
IS THE STREET OVERLOOKING CONAGRA'S BOUNTY?

When major players start dumping a stock, should investors avoid it like the plague? Not necessarily. At least not when the company is ConAgra, the nation's second-largest food processor. True, buyout specialist Kohlberg Kravis Roberts sold a 10.9 million block, or 7% of ConAgra's shares outstanding, in September, and Salomon Brothers followed by unloading 7 million shares in October. But with the stock now at 43, down from a high of 48 in August, some savvy pros are convinced that the shares are a compelling buy.

"ConAgra represents excellent value," says Boston money manager Larry Marks, managing partner of Harbor Capital Management. Marks, who has been buying, thinks the Street has yet to grasp ConAgra's tremendous growth potential, noting that "it has always been valued at a significant discount to the rest of the food group."

Marks explains that acquisitions have transformed ConAgra from a purely commodity-based company into a food processor with annual sales of nearly \$20 billion. He notes that for the past 10 years, ConAgra has posted compounded earnings growth exceeding 20% and a return on equity averaging over 22% annually. "Entrepreneurial management, disciplined financial standards, and a strategy giving the consumer 'better food' are behind the company's success," says Marks.

WHAT'S COOKING. He thinks that ConAgra, which acquired major food-products maker Beatrice in August, 1990, and Golden Valley Microwave Foods in July, 1991, will continue to expand through acquisitions. Internally, Marks expects ConAgra's growth over the next three years to be driven by a recovery in meat-processing margins, accelerated profits in its frozen and dry grocery operations spurred by Healthy Choice and Hunt/Wesson products, and reduction of debt. ConAgra's prepared-foods division accounts for 78% of earnings, and its Agri-Products unit, which sells crop-protection chemicals, fertilizers, and animal feeds, contributes 12%. The trading and processing unit, which trades agricultural commodities and operates the U.S.' largest flour mill, accounts for 10%.



Marks sees net jumping to \$2.50 in the year ending May 30, 1992, and to \$2.90 in fiscal 1993 from \$2.18 in fiscal 1991. He thinks the stock will hit 60 in 12 months.

Analyst Stephen Carnes of Piper, Jaffray & Hopwood is just as bullish on the stock as Marks is: "The company is one of the best long-term global bets around." He thinks the Soviet Union will become a new source of growth overseas, and that "ConAgra could become the major U.S. supplier of food." Carnes figures the stock could hit 100 in the next three years.

DON'T DISCOUNT THIS DISCOUNTER

Bargains may abound at Syms, a big off-price apparel retailer. But to some Street pros, the real deal is its stock, now at 9—about equal to the company's book value and at a modest price-earnings ratio of 8. "With its niche business, Syms could be worth 15 to 18 times earnings," says Clairvest President George Clairmont, who has been snapping up shares.

Based on his earnings estimate of \$1.10 a share for next year, Clairmont thinks the stock could double in the next 12 months. The recession hurt Syms's 1990 earnings, which fell—after rising for four consecutive years—to 80¢ from \$1.09 in 1989. For 1991, Clairmont expects 90¢ a share.

Primarily located in the Northeast and mid-Atlantic regions, Syms operates 27 stores in 17 major markets. The company uses a preset discounting system whereby merchandise that doesn't sell in 10 days is marked down a cer-

tain percentage. If the clothing, mostly overruns or closeouts by famous designers, still hasn't sold in the following five days, the price gets cut again.

Chairman and CEO Sy Syms and daughter Marcy, the company's president and chief operating officer, own 80% of the stock. Rather than pull back during this recession, Syms says he has been scouting for new locations, mainly in Chicago, Boston, and New York, to "expand visibly."

With no debt, Syms has been able to finance its expansion from cash flow. "It's about the only unleveraged big retailer in New York," says one New York money manager, who speculates that the family may take the company private since its stock is so cheap. Sy Syms says he isn't thinking of buying back stock—or selling out—but "at \$25 a share, we may be tempted."

SUCCESSFUL SURGERY AT CYANAMID

Watch the stock of American Cyanamid pop from here on. That's what one New York money manager says now that word of Cyanamid's conversion into a medical-products company is starting to spread. Cyanamid's program to divest most of its chemical operations is well on its way. On Oct. 24, Standard & Poor's reclassified Cyanamid by moving its stock, now selling at 64, from Diversified Chemicals to Diversified Health Care.

What's not yet generally appreciated is the extent of Cyanamid's move into equipment for MIS, or minimally invasive surgery. In MIS, surgeons manipulate instruments inserted into the body through small incisions. It has become the procedure of choice for gall-bladder and several other types of surgery. In the next six months, the company's Davis & Geck unit will introduce a line of hand-held instruments for laparoscopic MIS, including an atraumatic grasper, a retraction grasper, dissector, hooked scissors, and needle-holder.

"As a streamlined company getting 50% to 60% of earnings from health care, Cyanamid deserves a higher p-e," argues analyst Harvey Stober of Dean Witter Reynolds. Some big investors say MIS should push Cyanamid's p-e now 16, to the 20-plus level accorded most drug stocks. In the next 6 to 12 months, Stober expects Cyanamid to trade at a p-e at least equal to the market's, which should push the stock up to the 80s.

FAX # 201 - 902 - 9874

PI378 Stocks To Watch - Business Week: Don't Discount (SYM) [01]
SYMS CORP.: The company's stock is sitting at about book value with a modest price-earnings ratio of 8, and some investment professionals think it's a bargain, the Nov. 11 Business Week reports in its "Inside Wall Street" column.

The company is in a niche business and could be worth 15 to 18 times earnings, one money manager says.

Clairvest President George Clairmont thinks the stock could double in the next 12 months, based on his earnings estimate of \$1.10 a share for next year.

Syms, which operates 27 stores in 17 major markets, primarily in the Northeast and mid-Atlantic regions, is 80% owned by chairman Sy Syms and daughter Marcy.

The company doesn't have any debt and has been scouting out new locations in the recession, funding expansion from cash flow.

In NYSE-composite trading yesterday, Syms rose 1/4 to 9 1/2 on 13,300 shares, compared with average daily volume of about 6,200.

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Fred Ambrose
212-656-4261

PERSONAL FINANCE

Analysts say Syms a buy for aggressive investors

By ROBERTA WELLS
PRESS BUSINESS WRITER

Educated consumers searching for value could make Syms stock a good buy for aggressive investors, some experts say.

Secaucus-based Syms Corp., a leading off-price retailer of designer and name-brand clothing, had 1990 sales of \$314.4 million and estimates sales of \$327 million this year.

The company operates 28 stores with a total of more than 1.2 million square feet of sales space in the Northeast, mid-Atlantic and Midwest regions and Florida. It was founded in 1958 by Sy Syms.

AREA STOCKS

"In our opinion, Wall Street has carelessly overlooked Syms because of one bad year and the transitory problem of the 1991 recession," according to a report by Allan S. Roness, a retail analyst with Fahnestock & Co., New York. "Syms is a potentially 'hot' stock with an attractive record and powerful earnings."

Retail analyst Edward F. Johnson, Bay Head, is less optimistic about Syms' potential.

"That's a tough one," Johnson said. "The stock was so depressed last

year. We are looking for earnings of 42 cents a share in the fourth quarter, 90 cents for the year, and \$1 earnings per share in 1992."

Johnson does not rate the stock a buy, noting the absence of a dividend. "We think it's a hold for the long term."

Paul E. Debbas of Value Line also expects the retailer to improve earnings this year because of tighter inventory controls. He sees further improvement in 1992. "We continue to believe that Syms will keep expenses under control," Debbas said.

Spurred by depressed retail sales, resulting in more markdowns and a lower profit margin in 1990, Syms'

stock slid from 12 1/2 per share to 6 1/2 per share, Fahnestock said.

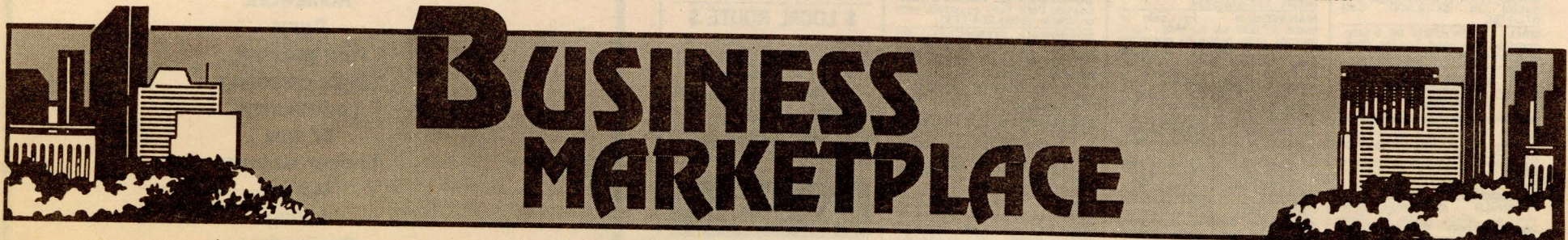
On Friday, Syms (NYSE-SYM) closed at 9 1/4.

"The company has consistently recorded profits for the past 13 years, despite the current depressed retailing market. Moreover, Syms has increased earnings at a compounded average annual rate of 15.5 percent, even if we take into account the company's 25 percent earnings per share decline in 1990," according to the Fahnestock report.

Analysts see pluses in Syms' plans to expand to 34 stores in the next two years, and in its strong operating cash flow and low debt.

"We believe Syms' expansion strategy could generate substantial earning increases in 1992 and 1993," says Fahnestock. "We forecast a return to double-digit sales growth by 1992. Total sales would reach the \$400 million level by 1993. Considering the likelihood of further operating improvement, earnings per share should reach \$1.30 in two years."

One of those improvements, Fahnestock believes, should be a change in "Syms' law" — the refusal to honor anything but cash, a store card or a personal check. "We believe a change in Syms' corporate policy toward major credit card acceptance could substantially boost the company's total annual sales."



BUSINESS MARKETPLACE

2000 OFFICE/FLOOR SPACE
2001 STORES
2002 INCOME PROPERTY
2003 BUILDINGS/GARAGES
2004 BUSINESS PROPERTY
2005 COMMERCIAL PROPERTY
2006 INDUSTRIAL PROPERTY
2007 BUSINESS LOANS/INVESTMENTS
2008 BUSINESS OPPORTUNITIES
2009 BUSINESS WANTED

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MARLBORO ROUTE 9

1,900 sq. ft. Call landlrd. 908-591-9300

MIDDLETOWN-Rt. 36 Retail & office space. Romeos Plaza. Join A&P & other stores. Call Joseph after 2pm (908) 431-2424

MYSTIC ISLAND — 900 sq. ft. next to Wawa. At a major intersection. Call (908) 988-7500

NEPTUNE CITY — 114 West Sylvania Ave. 800 sq. ft. Heat incl. \$550/mo. (908) 502-9028

OCEAN TOWNSHIP — Shopping ctr. Rt. 35 & West Park Ave. 1 Store avail. Successful shopping ctr. Call Jim 908-780-8888

OCEAN TWP 1,000-30,000 sq. ft. BARRY ASSOCIATES 531-9001 REALTOR

PRIME RETAIL SPACE Located on Rt. 9 South, Bayville. Modern, new center. Call Jeff Coleman (201) 327-1919

RED BANK — BROAD ST. Prime loc. 2250 sq. ft. full bsmt. Pvt. parking in rear. 741-3313.

RED BANK/DOWNTOWN Approx. 1,000 sq. ft. near municipal parking. Call (908) 747-3398