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MS-920: Sy Syms Papers, 1944-2012.
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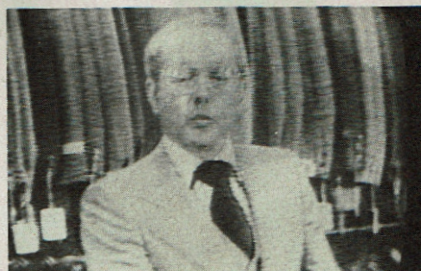
Digital scrapbook, 1978.

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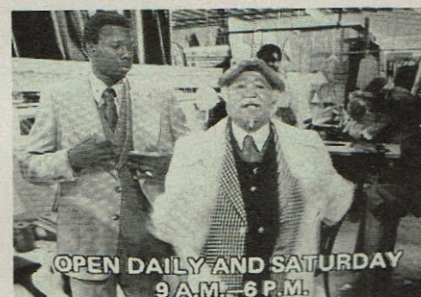
RETAILERS TURNED COMMERCIAL SPOKESMEN

By JACK HYDE

NEW YORK LONG ISLAND
SYMS
PARAMUS WOODBRIDGE



*Sy Syms Speaking
Austin Burke's Gimmick*



While Syms effectively projects an image of seriousness and sincerity, Don H. Murray, owner of the three (soon to be five) Don's Western Wear stores in Houston, takes a different tack, "I believe in gimmicks. Some may sound crazy, but you've got to have a gimmick to create attention and make people talk about you," Murray declared.

Typical of Murray's 30-second spots was one showing him laid out in a coffin. An off-camera voice asserted, "I wouldn't be caught dead in a Don's western suit," at which point Murray raised up out of the casket.

Another had the western wear specialist posing in an outfit with a disembodied voice chiding, "You're all wet if you don't wear Don's western wear." At that point a bucket of water was thrown at the on-camera merchant.

Murray's commercials are shot inside a local TV station's studio, sometimes using a matte process whereby the retailer appears to be attending a livestock

NEW YORK—What impels a men's wear retailer to take to the tube, to advertise his store? Ego? A frustrated ambition to challenge Robert Redford? To save the cost of a professional actor? Probably a bit of each, but most contend it is primarily to deliver a personalized message and create an image to which TV viewers can readily relate, both to the store and its owner.

Sherman Wildman, general manager-retail sales of CBS-TV stations, tends to agree with the latter rationale. "By delivering the message himself, the merchant gains immediate identity, creates confidence and projects a sense of sincerity. He generates a rapport between himself and the viewer," he explained.

"Being personally involved in the production of his television spots is an effective and legitimate method of handling TV advertising." The trend, he believes, is growing.

Queried as to the relative effectiveness of a straightforward approach in contrast to an off-beat one, Wildman advised most retailers to play it straight and not hoke up commercials with crazy antics. "Yet," he conceded, "one of the most effective campaigns ever conducted in the New York trading area was that of hard-hatted major appliance outlet owner, Jerry Rosenberg." The off-camera "What's the s-t-o-o-o-ry, Jerry?" became as familiar to TV viewers as Joe Penner's "Wanna Buy a Duck?" once was to an earlier radio generation. That Rosenberg went bankrupt is immaterial.

Sy Syms' "An educated consumer is our best customer" currently ranks alongside Frank Perdue's "You have to be a tough man..." as a phrase many

New Yorkers would like to forget—but can't. Syms' 30-second TV spots and radio messages end with that declaration and ring with the sincerity of a born again Baptist.

Syms (nee Merns) was once a sportscaster and that apprenticeship is evident in his unctuous delivery as he explains Syms' markdown procedure and the savings a man or woman can make by shopping at one of his expanding chain of discount stores.

The retailer uses a cluster approach in scheduling his TV and radio spots. As an example, the Sy Syms TV messages may be viewed by four different audiences in one day on New York's WNBC. A typical, recent Thursday schedule was: 8:18 on the Today show; 6:38 on the evening news; 8:30 on prime time, and 12:05 on the Tonight show. After the bombardment, Syms will lay low for a predetermined period before the next concentrated programming blitz is scheduled. About 60 percent of the chain's TV spots are devoted to men's wear and 40 percent to women's ready-to-wear.

The Syms' schedule is organized a full year in advance, which is an advantage both to the account and the television or radio stations used. "Advertisers who purchase time over an extended period have the advantage of being able to rotate their spots to reach a turn-over audience," Judy Schwartz, WNBC-TV advertising representative explained. This overcomes the problem of capturing dial-turners. By being slotted into different programs and by such practices of a veritable blitz one week, followed by an absence from the tube the next chances of reaching a full audience potential increase.

show or is on the trail. Murray's TV advertising is concentrated during the Christmas and holiday period, the two week rodeo season during February and March and an annual July sale promotion.

Austin Burke of Miami similarly employs techniques calculated to stop the viewer who has started a dash to the refrigerator when his commercials come on. "We definitely use gimmicks. Doing a TV commercial without a gimmick is a waste of time," the veteran discounteer who first started using television in the late '40s insisted.

A typical Austin Burke commercial might show the merchant in a sport coat that he removes to show another one underneath and so on until he's taken off several. A salesman, positioned behind him, may follow the same procedure. The object is to emphasize the full range of sizes carried by the store. Burke doesn't use a teleprompter which, he feels, enhances his image of sincerity. "Once they cut me off in mid-sentence because I was over time. And one time I put a jacket on backwards," he recalled. He believes such slip-ups only make him seem more "real" to his audience.

Paul Stark, principal of Diamond's Men's Shop, Toledo, agrees an almost amateur approach has added appeal, particularly in smaller cities "where virtually everyone knows you." He remarks, "They can't wait to kid you after you've made a mistake."

Diamond's TV advertising is described as "generic" by Stark who noted quality and selection are stressed and not price. Yet the store did program 300 TV spots in one week to promote a warehouse sale. The fact it sold 21,000 units in 10 days is largely attributed to the effort.

Television advertising has a "cumulative effect," according to Leon Atkind, president of National Brands Outlet (NBO) stores, Atkind delivers the spots for his Queens, N.Y.-based discount chain.

Atkind believes TV is a particularly effective media for stores that have a "special message." The average men's wear store may find it difficult to capitalize on television advertising as they may not have something unique to talk about—such as discount pricing. "It's like the airlines, what do they have to offer that's different? A better steak? We, on the other hand, have a special message."

NBO's commercials are a joint creative effort between the store's owner—who acts as its spokesman—

and its agency, Triton Advertising in New York. They work out concepts together. "It's not cheap, by any means, to have a strong commitment to TV advertising but its working very effectively for us," Atkind commented.

He, himself, finds it hard work to moonlight as an announcer, "I haven't time to take a breath when I'm doing our 30-second spots. If I do I may leave out the store's name and address."

The main reason Harold B. "Bud" Smith Jr. stars on that Oakland, Calif.-based 24 store chain's TV spots is to dramatize the fact it is a family-owned concern—one of the few left of such size.

A typical Smith's TV spot, showing Bud Smith in front of a vintage railroad locomotive, begins with Smith saying, "Ninety-one years ago my grandad received merchandise from the East in trains like this. Now, Smith's fall fashions arrive by train and plane from all over the world."

Smith's eased into television advertising 10 years ago with a very sporadic campaign mainly confined to Christmas and Father's Day and not every year at that. During the last five years, usage of TV has stepped up until there are now six campaigns of two weeks duration, each, annually. They include the spring sale, fall sale, Father's Day and holiday periods. The Father's Day effort this month was the heaviest yet.

A year ago, Smith's chose TV over its traditional Christmas catalog and regards the decision a wise one, according to Beverly Mertz, assistant advertising manager. It is planned to repeat the format this year.

The central theme is to dramatize that Smith's is a family-owned concern which has been handed down generation to generation. Bud Smith adds a personal identification to the fact he as president, his cousin, Stephen who is vice-president, and two sons, Tye and Ford, 27 and 25, are carrying on the tradition.

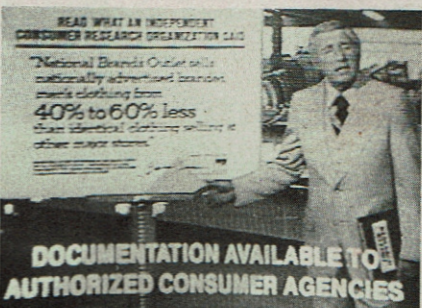
The time slots vary according to the message. Those primarily aimed at a male audience are scheduled for news programs. For Father's Day, when the target is women buying for fathers, the soaps and game shows are used.

Most spots are video taped in a TV studio and piggy backed two at a time. For the one with the locomotive, however, a mini-camera was used on location. Smith's gets extra mileage out of its television commercials by playing the video tapes on TV sets positioned on the selling floors of its stores.

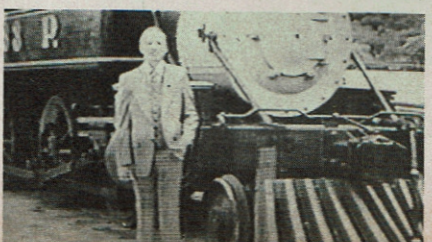
While Dave Bloom of Dave Bloom & Sons, Tucson, considers the TV campaign instituted 15 years ago "the most effective advertising we have ever done," the 71-year-old store has abandoned a format in which Dave and his two brothers—Herb and Ted—appeared.

"We ceased using ourselves because we're all getting older. I, for one, have a head of snow and we're trying to appeal to a younger clientele. We all felt that it was best if we no longer appeared as spokesmen for our store ourselves if we wanted to appear fully credible to the younger men we want to attract. We still personalize our TV commercials by having our store label superimposed on the syndicated spots we use from New York's Madison Coleman Muyskens, Inc."

Bloom noted there is evidently a *deja vu* aspect to TV advertising. People tend to remember commercials in which merchants (See *SPOKESMEN*, Page 76)



NBO's Leon Atkind
Bud Smith's Heritage



appear themselves long after they've been discontinued, he's found. "Every so often someone comes up to me and says 'I see you all the time on television,' yet I haven't appeared in two years."

Dave Bloom & Sons is a relatively heavy user of television advertising. One reason is its highly competitive market. Its use is year-round but it does concentrate at certain times. For example, during the rodeo period it runs six spots, six days a week. It capitalized on the attention "Holocaust" was receiving by buying two spots (at \$500 apiece) the first night followed by one the third night.

"We use the Johnny Carson show because of its audience and the added fact we feature Johnny Carson Apparel. We schedule spots during all sports coverage, such as major football and basketball games," Bloom noted. Bloom's also uses the Today and Good Morning America shows.

The Arizona merchant, like many of his peers, feels newspaper advertising

remains the most effective for price promotion but likes TV for projecting a store's image over a period of time.

While some merchants say \$26 for a 30-second spot on a popular non-prime time show, is about "average" for a smaller city, retailers and TV station officials, alike, claim there is no cost uniformity. There are too many variables, including: the trading area, station, time slot, frequency, etc. While no one will admit it, for attribution, merchants report "deals can be made" with stations anxious for business or willing to make allowances for an account which is or promises to be a long-time user.

In the past, merchants often stood inside the doors of their establishments and welcomed shoppers personally. Today, this is usually impossible for a variety of reasons. Retailers view appearing in their stores' TV commercials as a latter day, electronic age opportunity to continue this tradition—with the difference being that the greeting takes place in the potential customer's home. □

GOLDMAN

Designers to Honor Merns and Soifer

NEWARK, N.J. — Sy Merns of Syms and Herman Soifer of Brookfield Clothes will be honored by the Newark Chapter of the International Association of Clothing Designers on Saturday, Oct. 21.

Merns will receive the group's annual "Retailer of the Year" award. Soifer will be honored as the "Manufacturer of the Year."

The black-tie event will be held at the Cedar Hill Country Club, Livingston, N.J.

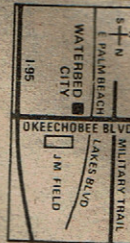
NEWS RECORD, FRIDAY, JUNE 9, 1978

WATERBED CITY

The Sleep Professionals

MASTERCHARGE • BANKAMERICARD • VISA • EASY FINANCING • \$750 INSTANT CREDIT • LAYAWAY

WEST PALM BEACH

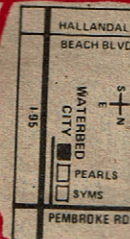
 684-3560
2550 Okeechobee Blvd

FT. LAUDERDALE

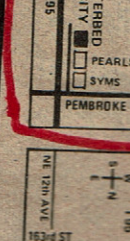
 771-0563
981 E. Commercial

HOLLYWOOD

 961-5880
3305 Sheridan St.

MIAMI BEACH

 1-95 at PEMBROKE RD
456-4506 Next to Syms

CORAL GABLES

 856-4792
2325 Coral Way

MIAMI BEACH

 949-6578
1131 NE 163rd St.




"... and remember, all cars
... Sim's Clothing Store carries
a complete line of uniforms, caps,
badges ..."

ROCK SCENE

Publisher/Executive Editor
Patrick Masulli

Circulation Director
Lou Fein

Business Manager
Cindy Rogers

June 1978/Volume 6, Number 4

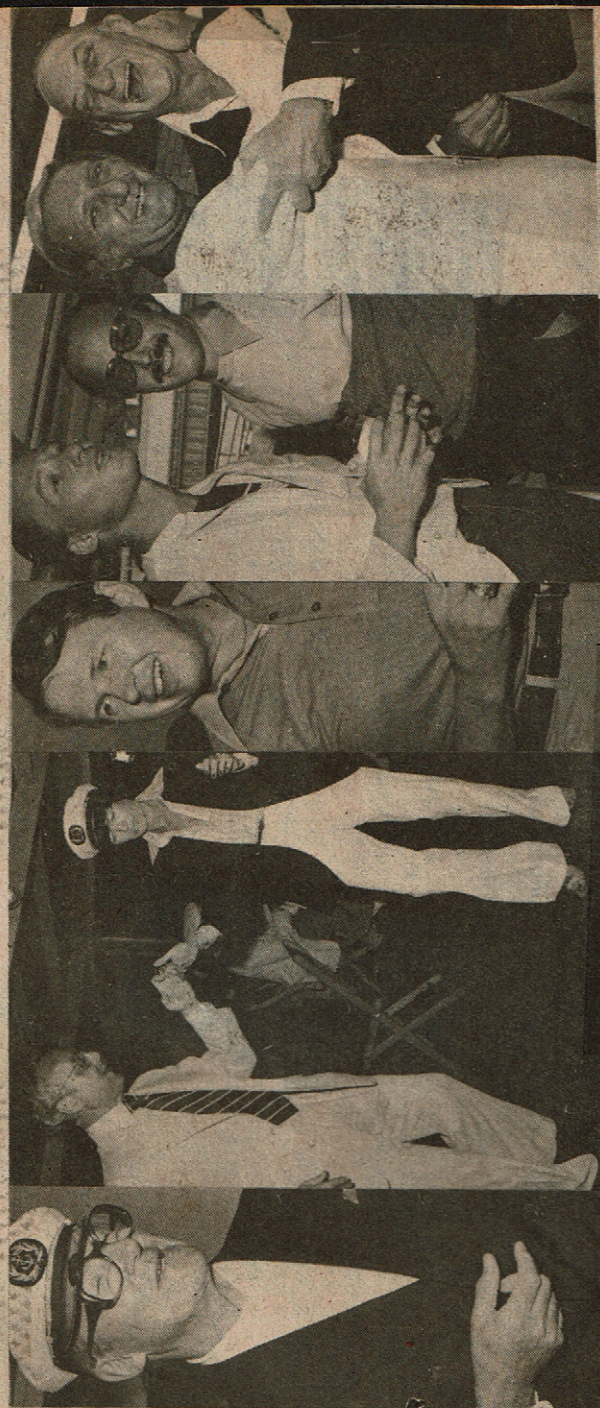


The Sy Sims' look is catching on. □

BETWEEN THE LINES...

OVER-BORED: No body did... but someone should have. It would have broken up the fog that lingered over the on-deck excitement of the Circle Line cruise (not quite around Manhattan) that Phoenix Clothes and Hardy Amies planned as a thank-you to retailers and press. With no fashion show, an abundance of good food and a very diversified dance band, these several hundred floaters had the evening free to drink... eat... and wiggle (in that order) aboard this unkempt sightseeing vessel Phoenix's Monty Comer did his usual joking and paid a little too much attention to Jarron's Richard McClintock, who wore a Phoenix jacket that was purchased in 1959. Comer was taking all the credit for his 1959 model being all the fashion rage at the moment... pointing out the lapel treatment, etc., etc. Look what we did then and look what they are doing now, he added. The three-hour trip would have been perfect at two... It is amazing that all the consumed liquor did not sink the boat. Upon docking, chartered buses awaited the passengers except for one shining limo which Hardy Amies climbed into. God save the Queen.

PHYLLIS A. TWEEL



Rubenstein Bros.' Dave Rubenstein (L) & Phoenix's Monty Comer (R)
Clarke's Harry Clarke
Sy (Syme) Merns & Penney's Ferne Posternack
Hardy Amies

MEN'S WEAR

SEPTEMBER 8, 1978

SY SYMS SPEAKING:

Washington, D.C., area residents are responding well to Sy Syms' TV spots which are now becoming as familiar to Washingtonians as they are to New Yorkers (MW June 23), according to Syms.

"We really felt a surge of business after they started. We know they're effective," Syms told MW.

The seventh Syms store, the first in the capital area, like others in the New York-based chain, is not a discount operation, the merchant insisted. "I buy off-price and I sell off-price. But I see a great opportunity for a real discount outlet in New York—one that consistently sells at around 20 percent off." He declared he was not interested in such a venture. "I have plenty to handle now."

The Syms merchandising policy, he explained, was to buy broken size lots, end-of-season styles and unsold stock from clothing manufacturers and, very importantly, surplus piece goods which are made up for him in next season's models.

"What the customer gets is current styling in last season's fabrics which is a great value for him. And it is welcomed by the manufacturer as he has sold his excess piece goods to me, dollar for dollar, rather than having to dispose of it at a loss."

Syms is fond of observing, "If we went out of business tomorrow, our customers would soon forget us but we'd be sorely missed by those who sell us."

Asked about markup, Syms commented a retailer such as himself should be able to operate profitably on a 27 percent gross markup.

—JACK HYDE

PERSONAL FINANCE LETTER

Strategies for the Eighties

October 2, 1978

Vol. XI, No. 9

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CAPSULE OUTLOOK

Here Come The Bears

Autumn normally is the time of year when the bears go into hiding for the winter. This time, however, the bears will probably be coming out—of the closet, that is. Economists who foresee a gloomy 1979 have been in hiding until now, for fear of ridicule. After all, economists are a notoriously timid lot. No one wants to be the first one to call a recession for next year, unless he's sure the others are of like mind.

Support for the bears has just arrived. The National Association Of Business Economists has just released its annual survey on the business outlook, and it's not very optimistic. More than half of the economists responding to the survey think a recession is likely during 1979. And while there is a wide range in the annual growth estimates, only a tiny minority expects 1979's growth to exceed 3-1/2%—the rate that the White House is looking for. Indeed, the average growth rate from the forecasts comes to a meager 2-1/2%.

Next year's economic growth could be even lower than now forecast. As the bears go public with their dreary forecasts, they'll spread enough doom and gloom to make their predictions come true.

The fourth quarter will be a slow growth quarter—marking the transition from expansion to recession. It could well be the last positive one we'll see for a while. Here's how we see it shaping up:

Real growth will slow further in the fourth quarter. The gross national product adjusted for inflation should grow at a barely perceptible 2% to 4% in this year's closing quarter, half the rate of the third.

On the other hand, the rate of inflation will remain high. Chances are that the consumer price index will rise at annual rates of 7-1/2% or more in the fourth quarter.

Consumers will probably become cautious and zip up their wallets. Sales of new cars and new homes (seasonally adjusted) should fall in the fourth quarter compared with the third. Household appliances are already falling, and other consumer hardgoods will probably follow soon. Softgoods sales, however, will expand a bit faster.

Business spending will also grow more slowly—notwithstanding August's surge in new orders for nondefense capital goods. For one thing, they were only slightly above levels reached earlier this year. For another, if the past is any guide, many of these orders will either be cancelled or stretched out as the business climate turns sour and capacity utilization begins to drop.

Our trade balance will probably continue to look bleak. It will take more than one or two quarters of slow growth to curb our appetites for foreign-made goods. We also need more time for the after-effects of the lower-valued dollar to boost exports.



The dollar will remain under pressure. There is no reason to expect the dollar to go any way but down against the three heavyweights: The Japanese yen, German D-mark, and Swiss franc. Confidence is clearly lacking because the Administration has no energy policy, no inflation battle plan, and no economic policy worth writing home about.

Interest rates will rise a bit further, then level off. We told you over two months ago (PFL, July 24, 1978) to expect tension in the financial markets to start unwinding by yearend. We still think this will be the case—even though short rates have reached higher levels than we thought they would in the current cycle. The Fed has had to squeeze harder than expected to offset the cushioning impact that the six months savings certificates have had on the housing industry. However, as we warned you in the last issue, the thrift institutions are already becoming reluctant to lend. The higher costs of getting deposits are not being matched by a similar increase in the yields they are permitted to charge for mortgages in many states.

The unemployment rate looks like it has seen its low for this business cycle. It should rise to nearly 6-1/2% in the fourth quarter, after having averaged a bit over 6% in the third. Most of this quarter's increase will occur among such newcomers to the labor force as housewives and teen-agers. Demand for part-time, relatively unskilled help should fall.

The saving rate should continue to rise. People will probably add to another 0.2 points to the 0.6 they added in the third quarter. Of course, this will make it more difficult for some merchants to make a buck, since it will be harder to pry money out of consumers.

Earnings should hold up. The seasonally adjusted annual rate of corporate profits in the fourth quarter should at least equal the rate of the third. However, more of these profits will reflect the temporary influences of inflation and inventory accumulation. That means that earnings from operations alone will probably decline.

MARKET SCENE

A Correction Alert

The stock market over the intermediate term is very weak, warns Stan Weinstein of the Professional Tape Reader, Hollywood, Fla. While Weinstein is still bullish about the long-term outlook for the stock market, he thinks that it's now taking a breather.

Weinstein is concerned because many technical indicators are starting to flash negative signals. The New York Unweighted Average, which has weakened significantly, recently broke below its 30 day moving average, he reports. The Dow Jones Average has also just flashed two negative signals—"first by staging a false breakout above 900 and second by violating its

recent low at 871," he adds. The Dow Jones Transportation Average recently fell below its reaction low and hence is also "casting a pall on the intermediate term outlook," Weinstein notes. Rounding out the bearish view are the Speculation Index, which he terms "too high for comfort," and the Odd Lotters—whom he thinks are becoming less bearish. (Odd lotters are considered the Wrong-Way Corrigans of Wall Street. When they become bullish, the pros start worrying.)

Finally, Weinstein notes that the market reacts negatively with every piece of bad news such as talks about wage/price controls, negative money supply figures, and prime rate increase. And good news (such as the apparent Mid-East settlement) is now overlooked. "In the past," he points out, the market took each problem in stride—"whether inflation, interest rates, the dollar or what have you."

SPECULATIONS

Gold And Foreign Currencies Update

Gold prices will continue to rise until next April or so, says Bert Dohmen-Ramirez, head of Wellington Financial in Honolulu. We haven't even started to resolve our many economic and fiscal problems, and until we do, gold will continue to rise against the dollar, he notes.

Gold will reach between \$236 and \$247 an ounce, says James Sinclair, a currency specialist who heads his own firm in New York City. At the top end, he thinks that gold will go no higher than \$251 to \$255 an ounce. If gold does rise that far, it would soon suffer a correction, he adds. In the meantime, the dollar will continue to fall against gold and some of the stronger currencies such as the Swiss Franc, German D-mark and Japanese yen, according to Dohmen-Ramirez and Sinclair.

The dollar will rally when it reaches a massive oversold condition, say Dohmen-Ramirez and Sinclair. (Dohmen-Ramirez thinks it will happen around the end of the year. Sinclair says the rally will start between mid-November and the end of March, 1979.) Our greenbacks are getting so cheap that they'll eventually have to rally, they say. Moreover, the interest rates available here are rising so dramatically that they'll attract foreign money, Dohmen-Ramirez adds. As the short-term interest rates get higher and higher, foreigners will start buying dollars so that they can invest them at higher rates.

When the dollar rallies, gold, silver and Asian and European currencies will peak out, says Sinclair who thinks that the rally will last for two to five months. He thinks that over the next three months the Swiss franc will peak at \$.72 to \$.75, the German D-mark at \$.58, the pound sterling at \$2.02 to \$2.04, and the Japanese yen at \$.0055.

However, over the longer term, the dollar will again resume its long sad slide, says Dohmen-Ramirez. The difference in the inflation rate in the U.S. and inflation abroad will put the kibosh on the dollar, he explains. Inflation here will really get bad around the middle of next year, he notes. The longer we delay in taking the steps we need to take to cure our inflationary problems, the worse the problem will get, he explains. And the Federal Reserve doesn't seem too willing to slow the growth of the money supply at the risk of a small credit crunch to alleviate our inflationary pressures.

ECONOMIC BRIEFS

Carter's Labor Woe Flow

Don't be misled by the enthusiastic reception television cameras recorded during President Carter's anti-inflation speech to the United Steel Workers in Atlantic City. After the rhetoric died down, labor leaders were more adamant than ever about not cooperating with any wage/price structure, voluntary or mandatory. "I don't see how a guidpost policy can work," noted USW president Lloyd McBride. Even modest wage settlements of 4% or 5% include cost-of-living escalators which automatically send wages spiraling as high as 13% per year, given the latest increase in the CPI, he noted. Obviously, unions aren't going to eliminate these escalator clauses. And with the million-member Machinists and Aerospace Workers Union president William Winpisinger dropping all support for Carter last week, the President's political labor woes continue to flow toward a potentially disastrous waterfall.

A Shrewd Canadian Power Ploy

With environmental restrictions wreaking havoc on utility planning in the power-hungry Far West, Canada's British Columbia Hydroelectric and Power Authority has decided to go on a spending binge (\$60 million per year) to beef up its capacity so that it can export electricity southward. Hence, observers note that the east coast will be dependent on foreign oil at the same time the west coast might become dependent on foreign electricity. None of which helps the balance of payments situation, they note.

What Gas Shortage?

It appears that there's enough natural gas around to get us through even the most severe winter. In fact, a government study notes that we'd have to have a winter which is 20% colder than normal for any curtailments to begin.

Setback For Oil Companies

Recent court rulings have upheld a Maryland state law prohibiting oil companies from owning gasoline retail outlets. This is a major blow to oil companies which have been acquiring sites in an effort to control every aspect of the gasoline business, and to cutback

retail operations where they prove unprofitable. Industry sources note the trend may soon become a stampede: Every state legislature is under jobber/retailer pressure to enact laws similar to the Maryland act now that the courts have upheld its legality. Michigan and New York are seen as the next sure states to pass such laws, and California, as usual, is rumored to be right behind.

INVESTMENTS (Part II)

The Insurance And Annuity Express

Some savvy personal financial planners have been using deferred annuities to give their clients' insurance portfolios a kicker. Deferred annuities, as we mentioned in our last issue (PFL, September 18, 1978), are like a savings account where the interest earned is sheltered from taxes until it's withdrawn. Here are two nifty tactics:

Instead of buying a whole life insurance policy, consider buying renewable term insurance and a single payment deferred annuity. Here's why: Renewable term insurance is much cheaper than whole life insurance. For one thing, it doesn't carry as much of a commission load as whole life. For another, it doesn't have a cash value build up, which whole life insurance does. The cash value building, according to life insurance salesmen, is like a forced saving plan. It is, except: You only get the money free and clear if you cash in your policy—in which case, you no longer have the insurance. While you can borrow against your cash (buildup, that is), you'll have to pay anywhere between 5% and 8% interest for the privilege. Moreover, the amount you borrow will be deducted from your policy's face value if you die while the loan is still outstanding.

The amount you can save by purchasing renewable term insurance instead of whole life can be used to buy a deferred annuity. Presto! You get the insurance you need at the lowest possible cost as well as a cash value buildup through the annuity. And since you can buy some annuity policies without being gouged by frontend or backend fees, your annuity's "cash value buildup" will probably wind up growing into a bigger nest egg than a whole life policy's cash value buildup.

What's more, you can always use your annuity as collateral for a loan, withdraw some of the funds in it, or cash in it altogether whenever you want. And you won't have to pay interest on the amounts you withdraw. Nor will you will reduce your beneficiary's insurance.

Alternatively, if you're in a very high tax bracket, you can buy a whole life policy that pays dividends as well as a deferred annuity. The strategy is a little complicated, but the pay off can be significant. The idea is to minimum deposit your whole life insurance policy—borrowing against the cash value to pay the premiums, or at least part of them. (That can be done

after four to six years—depending on the insurance company and how quickly the policy's cash value builds up). In one fell swoop you reduce the cost of having whole life insurance and also gain a handy tax deduction for the interest you have to pay on the cash value you borrow.

While having a large loan outstanding against your policy's cash value will reduce the amount your beneficiaries will get, the extra cash you've freed up can be used to buy a deferred annuity—which should more than make up the difference. Moreover, you could always pull out some of the money you have in the deferred annuity to buy term policy. Or you could use that capital to start paying off your cash value loan. Either way, you're well ahead of the game.

INVESTOR STRATEGIES

Your Accountant: An Untapped Resource?

If you think of your accountant simply as someone who can save you the exasperation of preparing your tax return, you may be missing out on many other services he can offer you. We asked several CPAs who are also personal financial experts how you could best tap their expertise at minimum cost. Here are their suggestions:

Don't ask your accountant to do what you can do for yourself, says Dick Stone, of Main Lafrentz & Co., in New York. Too many clients dump "shopping bags" of assorted financial items in their laps and expect them to bring order out of chaos. You can save an accountant's time and your money by organizing your checks, receipts and other materials—and explaining their significance when you hand them over.

Also meet with your accountant, preferably with spouse in tow, to explain your family's financial goals and what services you'd like the accountant to perform. The CPAs we talked to emphasize that establishing a personal rapport with their clients increases their own effectiveness in these areas:

1. Tax planning: Don't wait until it's tax return time to consult your accountant, says Herb Paul of Touche Ross & Co. in New York. It will then be too late to do much about reducing your tax burden. While accountants are trained to prepare tax returns, they are also skilled at helping you plan all aspects of your personal finances to minimize taxes. Most can help you take advantage of opportunities for tax deferrals, savings or shelters.

2. Financial Counseling: As tax experts, accountants gain experience in all aspects of personal finance from retirement and estate planning to insurance and executive compensation alternatives. Large CPA firms often have financial counseling departments that offer general planning services similar to independent counseling firms. But small firms or even individual accountants with broad experience can help you

formulate personal financial goals and develop a strategy for reaching them. Because of their familiarity with numbers, accountants can be particularly helpful if you want to set up a budget and improve your cash flow management, says Herb Paul of Touche Ross.

But note that planning can be time consuming—and you pay an accountant by the hour. So try to get a fix on how long it would take to set up a viable plan. This may require that you establish a rough division of labor—precisely what you will do—and what your accountant will do. For example, if you want your accountant to coordinate the activities of your lawyer, insurance broker, investment advisor, it will cost you more than if you pulled all these strings yourself.

3. Trouble Shooting: Accountants can also help you solve the tax or financial problems that pop up during the year. A brief telephone call to your accountant before you make a financial decision may help you save a lot in taxes—at minimal cost. For example, during an interview, one accountant spent a minute on the phone advising a client to give his appreciated stock to his grandchildren instead of his children. That, he explained, would save a bundle in taxes if the recipients decided to sell the stock. The grandchildren were in a lower tax bracket than their parents.

Stay in touch with your accountant and keep him informed of any major changes that take place in your finances or your personal life. A divorce, the birth of a child, the death of a parent, a new job, or medical treatments all have financial implications. And the accountant may be able to suggest how to minimize the tax consequences of these changes. If you have a specialized problem—such as a complicated estate situation that your accountant is not competent to handle, ask him to recommend a specialized accountant.

4. Contacts: An accountant familiar with the full range of a client's personal finances often lets the client make intelligent judgments about which individuals could be brought together for buy and sell agreements or other deals. An accountant may even be able to offer leads about job openings that you might be interested in. The key is to be frank with your accountant about the kind of agreement or position you are seeking—so that he can keep his ears and eyes open for you.

Finding an accountant who's right for you is part intelligent choice and part luck. Obviously, you should try to locate an accountant whose background and expertise fits your needs. For example, if you've already got a financial counselor and you're thinking of opening a business, you'd need an accountant who has specialized in the industry you want to enter—not a generalist. But beyond the rational criteria for a suitable accountant is the imponderable factor of personal compatibility and trust. To get the most out of your accountant, you'll have to fully reveal your personal finances—and all that this implies about your

life. If you don't feel comfortable with an accountant, this may be difficult to do. So it's important to balance a CPA's technical qualifications to handle your affairs against the personal qualities that create the right chemistry. Sometimes it's wiser to stick with an accountant you trust even if he lacks experience in one or two areas that affect your finances. You can always consult a specialized CPA about special problems.

EJD

SHOPPERS GUIDE

The Low-Down On Discount Clothing

You can save between 20% and 60% on clothing by buying from a discount store instead of from a specialty retail or department store. And you don't have to settle for less than you're now used to buying. The better discount stores carry a wide selection of the season's new styles from many top manufacturers. Of course, they also carry styles that are one or two years old but look up-to-date to all but the most fashion conscious.

Discount stores can afford to cut prices because they work with a very low overhead. You buy only clothing—not an elegant decor or a fashionable location. While retail stores generally mark up clothes by at least 100% (called the "keystone") above wholesale rates, a discounter may be able to squeeze out a profit with only a 50% mark up. And that's starting from a lower base, to boot.

Discounters get much of their clothing at cut rates in the first place. Manufacturers frequently buy more piece goods (material) or make more clothes than they can sell to their retail outlets. To get rid of the remaining merchandise, they offer it at low prices to discounters, notes David Atkind, a West Caldwell, New Jersey, buyer for both discount and standard retail stores. Since this takes place well before the season begins, you can expect at least part of the discounter's stock to be as fresh as a standard retailer's, he notes.

Discount shopping does have its hazards, however. Manufacturers sometimes request that discounters tear out their labels so they can maintain a low profile—lest they enrage their usual customers. So you may have to rely on your own judgement of quality and fair price instead of the reputation of a brand name. And some of the less reputable discount stores may try to sucker you into buying an item by misleading you about the brand name or the size of the discount.

Common sense is your best protection in a store that does not carry labelled merchandise, says Sy Syms, whose discount stores in New York and New Jersey carry only labelled clothes. "If fit, style and material of a suit are right for you and it appears to be well made, then go ahead and buy it—if the price seems reasonable," he adds.

There's an easy way to test the honesty of a discounter who uses a rubber stamp or honeyed words to indicate the pedigree of his stock. Find the registered federal number (RN label) on the back of the fiber content label or sewn on the inside pocket of a sportscoat or suit jacket, as required by law. Then call the alleged manufacturer and ask if the number belongs to one of his factories.

However, detective work is a poor substitute for finding a reliable discount store in the first place. Large, established stores, especially chains, are your best bet. They have the buying power to get a wide range of bargains from overcommitted manufacturers, and they have little to gain, and much to lose, by cheating the public. Even so, you might want to bone up on the latest fashions before you visit the store—just to make sure that their stock is current.

One final note: Don't confuse a true discount operation with a close-out sale. If the latter is legitimate, you should be able to find brand labels on the clothes. If it's actually a disguise for a discount operation, you may be able to get a good deal—but shop with extra caution. When legitimate retail operations fail, they are often taken over by rescue operators who move in their discount merchandise and trade on the store's good reputation. Some are honest, but others (called "forty thieves" in the business) mingle a few high quality items with racks of cheap clothing—all going for the same price.

EJD

REAL ESTATE

For Every Seller, There's A Buyer

If the economic slowdown we've warned you about over the past year hits the housing market as severely as the last recession did, selling or buying a house could become very difficult. The triple whammy of tight and costly mortgage money, a drop in demand as consumers postpone home purchases, and skidding prices can lead to near manic anxiety—and a Pandora's box of mistakes.

The trick is remembering some basic real estate axioms, not the least of which is "for every seller there's a buyer." Unfortunately, many people substitute the word "sucker" for "buyer" and "seller." You can avoid being enrolled in the P.T. Barnum Hall of Fame by following some simple tips from the experts. While the following suggestions are geared to the seller, the other side of the suggestion is a buyer's strategy.

How To Price Your Home

You need to perform a competitive market analysis, says Sally Washburn of AFCO Realty Associates, Atlanta. That means know what's going on in your neighborhood. And be realistic, not optimistic. Too many people are trying to make a killing on their

homes, note many real estate brokers. However, home prices will probably start leveling off soon, they note. "We simply cannot keep up this pace," says one New York broker.

You can do a little comparison shopping in your neighborhood by going on a house-hunting expedition of your own. After that, visit the county clerk's deed record office to find out how much houses similar to yours have been fetching recently in your area. That will give you a good handle on what you can reasonably expect a buyer to offer.

You also have to figure out how much cash you need out of the deal to buy another house, says AFCO's Washburn. Here's how she suggests you price your home: Let's assume you have a \$45,000 mortgage remaining on a home you bought in 1975 for \$70,000. In studying the local real estate market, you've found that houses similar to yours have recently been sold for between \$90,000 and \$100,000. (The spread in prices reflects location and the condition of the house.) That means you can get between \$45,000 and \$55,000 in cash—before taking into account the brokerage commission and closing costs.

Hence, Washburn suggests boosting the price you think you can get, let's say \$100,000, by 7% to take care of the commission. She advises doing that even if you don't plan to sell through a broker. (The more room you give yourself for negotiation, the better off you'll be.) That would bring the asking price of your house to \$107,000. Now figure that you will eventually have to pay the closing costs—which will come to around 3% or \$3,210. So that would raise the asking price of your home to \$110,210.

If you're working with a broker who truly represents you, that should also be the selling price as well. But as we all know, some brokers will tell a prospective buyer "the seller may settle for less." Don't settle for that; by law the broker is working for you, the seller, not the buyer.

Brokers: To Choose, Or Not To Choose

While it's possible to sell your home without the services of a broker (PFL, June 26, 1978), in tight times it usually pays to go the distance with a reputable firm—and a good salesperson. The question is, which one do you choose, and how do you best use the services of a realtor? As we mentioned, a real estate broker is supposed to work for the seller—who, after all, is the one paying the commission. However, you can help your broker sell your home by working closely with him or her on the price and how the home is shown.

Should you sign an exclusive listing? The advantage of being represented by just one broker is that the broker and its agent will work that much harder to sell a home on which it will get the full commission. On the other hand, an exclusive also eliminates all the

competitive challenge, notes one expert, "an exclusive doesn't do one bit of good for the customer," says Dorothy Tymon, professor of real estate at Hofstra University, N.Y. Why tie up your house for three or four months with a firm which may talk a good game, but which may have absolutely no buyers lined up, she argues. Sally Washburn of AFCO Realty, however, feels just the opposite. Generally, the more exclusive the home, the greater the tendency to give an exclusive listing—if only to weed out people who are "just looking".

Multiple listing, or MLS brokers, also has its supporters and detractors. "MLS will give your house more exposure," argue the MLS brokers. "Nonsense," say others. Of 20,000 homes listed through the MLS network on New York's Long Island so far this year, only 1,200 have actually been sold, says Dorothy Tymon. An ex-salesperson puts it more succinctly: "You list your house with Broker X. It goes out to the network. If Broker Y sells the house, Broker X gets 70% of the commission, and Broker Y gets 30%. On a \$80,000 house, the person who does all the work may wind up with a commission of \$1,680 out of a total commission of \$5,600. That's the real reason MLS homes don't move in bad times," she states.

Hence, many real estate pros suggest using an **open listing—giving two to five brokers your listing.** Talk to a few before you settle all the details. But never, ever sign a listing agreement at first meeting—and read it carefully to make sure "exclusive" is not in there. Real estate law is extremely tricky, and generally favors the brokers. In many states, they are also legislators, and write the laws you must obey. Always consult a good attorney before you sign any agreement with a real estate firm to make sure you understand the laws of your state. (Your state's office of the secretary of state may have a booklet outlining how to deal with real estate brokers.)

You might also consider advertising your home directly in local classifieds, even though you have listed it with one or more local brokers. However, this could cause a broker backlash. Many brokers get their leads for listings through these classifieds. Hence, you may get a call from the very broker you've listed the house with. (Even if you put in "Principals only", every broker in town will call you anyway.) If so, this could prove embarrassing.

These tips and insights won't be worth the price of a lean-to if you're not prepared to show your house off to its best advantage. "Put your house in first class condition," notes Sally Washburn, and that means looking at things from a potential buyer's point of view. "You'd be surprised how many people react negatively to psychedelic—or blatant rock-star—posters in children's bedrooms," she says, even though their kids may have them up in their own homes. Pull down those posters, at least until the contract's signed, she suggests.

RDF

MUTUAL FUNDS

Mutual funds are continuing to perform well, according to the latest readings taken by Lipper

Analytical. All funds are up 15.7% on average for the year to date. The big winners are the funds that focus on capital appreciation—up an astounding 25.57% for the year to date.

TOP 50 FUNDS					PERCENTAGE CHANGES							
TOTAL ASSETS IN MILLIONS			MUTUAL FUND	OBJ(2)	CLOSING NAV(3)	LOW(4) 10/3/74	HIGH(5) 12/31/76(5)	LATEST 12 MOS.	1978 TO DATE	WEEK- WEEK	YIELD(6) 12 MOS.	
6/30/78	3/31/78	6/30/77										
0.3**	0.3	\$ 0.3	Cambridge Appreciation	CA	3.51	30.00	-3.04	-14.81	-7.14	2.33	0.0	
0.8**	1.2	0.5	The Bear Fund	S	9.89	*	-34.07 *	-32.95	-29.91	1.23	0.0	
16.8**	15.8	7.3	United Services Fund	S	2.33	-32.42	83.13	22.59	26.94	0.87	5.9	
82.7	83.3	62.0	Intl. Investors	S	11.51	-7.19	69.95	25.22	27.80	0.61	4.0	
1.4**	1.3	0.8	Golconda Investors Ltd.	S	5.61	-22.62	36.50	20.13	20.65	0.54	0.0	
0.9**	0.6	0.3	Lindner Fund for Income	I	16.08	*	35.98	18.80	13.93	0.18	6.3	
6.8	5.6	4.5	Sentinel Bond Fund	I	7.62	68.77	8.95	4.30	4.58	0.16	0.0	
34.1	34.3	29.1	Nel Income Fund	I	13.51	43.95	7.54	2.82	3.48	0.15	8.0	
7.5**	7.1	7.4	Alpha Income	I	7.30	59.59	9.41	4.04	3.48	0.14	7.4	
6.9	7.1	6.6	Mutual of Omaha America	I	11.32	32.69	4.48	2.61	2.79	0.09	6.2	
35.0	35.1	29.5	Delchester Bond Fund	I	9.14	62.29	10.52	4.97	4.18	0.00	7.9	
15.9**	14.4	10.5	Pro Income Fund	I	10.29	37.56	12.31	6.29	5.07	0.00	7.6	
280.6	290.2	301.6	Colonial Income Fund	I	8.44	58.81	10.75	3.95	3.84	0.00	8.5	
27.6	0.1	*	Tax Mgd. Fd. Utility Shs.	GI	20.53	*	*	*	-0.15*	-0.05	*	
56.4	44.5	*	Putnam High Yield Trust	I	18.79	*	*	*	4.90*	-0.05	*	
5.1	4.9	4.1	Composite Income Fund	I	11.54	*	6.32	1.13	1.77	-0.09	7.6	
19.8LO	19.4	13.3	Security Bond Fund	I	9.61	55.17	10.52	3.38	2.67	-0.10	7.6	
10.3	12.1	13.2	Franklin U.S. Govt.	I	9.23	28.33	1.71	0.47	0.26	-0.11	6.5	
1.3	1.4	1.3	SAFECO Special Bond	I	7.80	92.38	4.88	2.55	2.52	-0.13	6.9	
2.9	0.2	*	Mass. Finl. High Inc. Tr.	I	7.64	*	*	*	5.48*	-0.13	*	
11.5**	13.4	14.4	Dreyfus Intermed. Bond	I	14.69	*	3.61	1.97	2.14	-0.14	7.0	
8.7	9.0	8.1	Lex. Income Fund	I	10.15	33.62	6.25	2.63	2.33	-0.20	7.5	
0.4**	0.2	*	State Farm Interim	I	9.86	*	3.23	*	2.64	-0.20	*	
45.9	47.9	53.5	Lutheran Bro. US Gov. Sec.	I	9.47	25.90	5.34	3.20	2.88	-0.21	6.5	
159.0**	161.7	149.5	Northeast Inv. Trust	I	14.06	62.83	9.19	3.02	2.40	-0.21	9.2	
14.5	14.3	12.0	Sigma Income Shares	I	9.07	*	7.41	3.87	3.57	-0.22	8.3	
28.2	28.7	32.9	Colonial Senior Secs.	I	8.86	63.01	7.09	9.57	8.81	-0.23	6.7	
477.8	481.4	476.6	Keystone B-4	I	8.43	85.95	16.62	9.53	8.37	-0.24	8.7	
49.8	49.4	44.7	Keystone B-2	I	19.22	65.36	12.05	5.37	4.56	-0.26	8.5	
12.7**	12.9	11.6	USAA Income Fund	I	11.08	74.60	7.54	2.11	1.86	-0.27	6.9	
72.0	72.5	68.2	Keystone B-1	I	17.17	42.23	7.57	2.87	3.28	-0.29	8.0	
284.6**	286.8	254.9	Rowe Price New Income	I	9.71	46.32	8.83	3.72	3.01	-0.31	7.8	
47.0	46.1	41.2	Lutheran Brotherhood Inc.	I	9.12	61.57	9.96	4.22	4.78	-0.33	7.5	
146.6	145.3	119.8	Mass. Financial Bond Fd.	I	14.94	48.94	6.85	3.01	2.83	-0.33	7.9	
17.2	19.5	26.5	Nomura Capital Fd. Japan	S	14.19	*	47.04	51.26	56.03	-0.35	0.3	
47.3	45.2	34.3	Monthly Income Shares	I	13.95	50.56	7.25	2.85	3.21	-0.36	7.9	
74.2	67.2	*	Kemper High Yield	I	11.81	*	*	*	4.65*	-0.38	*	
16.3**	17.2	20.2	Wisconsin Income Fund	I	4.90	77.89	-2.79	1.96	2.33	-0.41	6.7	
5.8**	5.7	*	North Star Bond Fund	I	9.71	*	1.60*	1.91	2.11	-0.41	4.6	
46.3	48.5	50.9	Axe Houghton Income	I	4.77	67.26	7.85	1.97	2.78	-0.42	7.6	
141.6	142.4	134.4	National Bond	I	4.53	63.19	11.30	5.08	4.25	-0.44	8.6	
7.5**	7.6	7.2	Bond Port. for Endowments	I	915.23	48.95	5.76	1.57	1.56	-0.45	7.9	
18.7**	*	*	First Inv. Bond Apprec. Fd	GI	15.28	*	*	*	10.39*	-0.46	*	
123.8	130.4	127.3	Amer. Gen. Capital Bond	I	8.65	68.87	10.87	3.90	4.02	-0.46	8.6	
81.9	83.0	*	High Yield Securities	I	11.90	*	9.75*	*	6.95	-0.46	*	
117.6	119.0	92.3	Kemper Inc. Cap. Presv.	I	10.26	43.51	7.69	3.85	3.36	-0.49	8.2	
14.9	12.7	10.4	Over-The-Counter Sec.	G	18.08	181.09	65.49	45.07	36.15	-0.50	2.1	
0.8**	0.5	*	Unified Accumulation	CA	4.01	*	0.00*	*	15.23	-0.50	*	
30.7	31.4	32.7	Eaton & Howard Inc.	I	5.85	72.79	8.27	2.68	2.42	-0.51	8.1	
188.6	196.0	191.8	Putnam Income	I	7.76	65.09	9.14	3.59	3.46	-0.51	8.2	

NOTES: Funds are ranked in order of their performance through August 24, 1978. The performance calculations include the reinvestment of all capital gains and dividends for the indicated period. 2) Objectives: CA (Capital Appreciation), S (Specialty Fund), G (Growth Fund), GI (Growth and Income Fund), IS (Insurance Stock Fund). 3) Closing Net Asset Value. 4) Low 10-3-74 measures the percentage change in the fund's performance from the low reached in the bear market of 1974. 5) High 12-31-76 measures the percentage change in the fund's performance from the high reached in the bull market of 1976. 6) Yield of 0.0 means that the fund hasn't been in existence for 12 months yet. + Denotes incentive management fee arrangement. N-Direct affiliation with NYSE member firm. *-Fund not in existence for period covered. **No load fund. LO-Low load fund.

Tax Shelter Guide

Please note that the comprehensive tax shelter guide offered by McGraw-Hill's Newsletter Center will be shipped beginning in the middle of October. PFL subscribers may order the booklet for \$7.50, a 22% discount from its \$9.50 regular price. Please make your check for \$7.50 payable to McGraw-Hill's Newsletter Center and mail it to Tax Shelter Guide, Newsletter Center, 43rd Floor, McGraw-Hill, Inc., 1221 Avenue of the Americas, New York City 10020. Bulk orders are available at discount; call (212) 997-6541 for further information.

EXECUTIVE TACTICS

Personal Injury Suits: A New Tricky Maze

It's a sad fact of life that executives and professionals seem to be functioning under a system which has thrown the concept of "caveat emptor" right out the window. Every day it seems, some company somewhere is sued over alleged product defects. Malpractice has spread from doctors to lawyers, and now seems to be infecting corporate executives. **In many states employees injured on the job now have the right to sue individuals employed by their company for damages, even though they are eligible for workmen's compensation.** (The company cannot be sued.)

The danger is that most companies have woefully little protection in these cases because insurers are reluctant to write personal injury policies. Moreover, the exposure to risk is huge. "Not only are senior executives potential lawsuit victims in workmen's compensation cases, but also plant managers and even foremen," notes Rick Betterley of D.A. Betterley & Co., risk consultants in Worcester, Mass. This is especially true in industries such as steel or coal—which are highly unionized and have a history of poor labor relationships. However, even relatively stable businesses can be hit, as was proved recently when several grain company executives were personally sued by the survivors and estates of workers killed in a Louisiana grain silo explosion, he notes.

There are some steps senior executives can take to protect themselves from the dangers of personal injury suits, notes Betterley. While there's no guarantee that these steps will prevent a personal injury suit, a well-rounded approach can help lower your chances of being sued. They can also help soften the effects if you are sued.

1. Keep on top of things and clean up your act.

Some executives seem to have interpreted a recent Supreme Court ruling requiring warrants to be served on suspected OSHA violators as an invitation to laxity. "OSHA will get in, regardless," warns Betterley. What's more, an accident caused by careless planning or supervision will cost you money regardless of whether or not you're hit with a personal injury suit. For every one dollar laid out in workmen's compensa-

tion benefits you can figure on spending \$5 in down-time, retraining, medical care, paperwork, and so on, he notes.

2. Check your insurance policies to see if there's an exclusion on "fellow employees" claims. If an exclusion exists, get ready for some bargaining. Many insurers will not insure against fellow employee claims, or if they do so, charge an exorbitant premium. The insurers reason that once word of personal injury coverage leaks out, temptation to sue will rise substantially.

There are a couple of ways to get the insurance protection you need, says Betterley. First, use your muscle. The insurance company may well find the risk of losing your total business more frightening than covering fellow-employee claims.

The higher the premiums your company pays, and the better its loss record is, the more leverage you have in removing this exclusion from coverage, says William H. Gill, a consultant with Wyatt Company, actuaries and risk consultants in Chicago. Note that having the exclusion removed may cost your company slightly higher premiums. If that doesn't work, consider shopping around for a comprehensive liability insurance policy, often referred to as an "umbrella" policy. You can usually add a separate endorsement to an umbrella policy to get personal injury coverage, notes Gill.

Finally, don't let anyone in your company know that you have personal injury coverage once you get it. That goes for those on the line who might be inspired to sue, as well as for those managers who will be protected by the coverage. Reason: If a manager knows he's protected, he might be tempted to bend the rules a bit—or, blab about it. That could lead to enormous abuses to say nothing of policy cancellation. Of course, you should tell a manager who is being sued that the personal injury coverage will protect him or her.

3. Consider self-insurance. Your Board of Directors might consider setting up a fund to reimburse company executives and managers who might be targets of personal injury suits. Again, this should be very carefully guarded plan. That requires a good deal of discreet cooperation from key legal and insurance personnel. RDF

Editor: Paul H. Gross (212) 997-6886

Associate Editor: Robert Daniel Fierro

Contributing Editors: Edward J. Doherty, Dr. Irwin Kellner, Michael Morrison, Ed Townsend

Publisher: George P. Lutjen

Circulation Director: Lewis P. Moore (212) 997-6541

Marketing Manager: Annette LaTorre

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Syms opening draws big crowd

By **GEOFFREY THOMPSON**
Business Editor

Westchester area shoppers Thursday showed that when it comes to a bargain, they are no less interested than their counterparts elsewhere in the metropolitan area.

Consumers came out in droves for the opening day of the new Syms store on Route 119 (Tarrytown Road) in Elmsford. Minutes after the 60,000-square-foot store opened the 300-car parking lot surrounding it was jammed with shoppers' cars which spilled out onto the street and used spaces in the parking lots of adjacent stores.

Lured by Syms reputation as a bargain-priced outlet for name-brand clothing and accessories, and by the promise of special discounts to celebrate the opening of the firm's eighth store and fifth in the metropolitan area, the opening was one of the best attended any retailer has enjoyed in the county in years.

SY SYMS, owner and president of the company, was on hand for the opening.

But instead of holding a big ribbon-cutting ceremony, he simply had the doors swung open for the

shoppers. Within 30 minutes they were lined up 10-deep at each of the dozen or so cash registers.

The store will ultimately employ about 75, but the full staff has not yet been lined up. Syms said company buyers and other personnel were on hand to assist in handling the onslaught of consumers at the opening.

"IN RETAILING it's store births and deaths that bring out the crowds," he commented as he strolled about the aisles. "I'm not surprised by the large turnout. People want to come to a store opening because they are curious and because they know they can save. The real test will be when the opening period passes and we get into the daily rigors of selling."

He said he expected the

crush of shoppers drawn by the opening would peak this Saturday. The store normally will be open Monday through Saturday from 10 a.m. to 9:30 p.m. The next two Sundays, however, it will also be open from 10 a.m. to 4 p.m.

Syms noted that the Westchester store completes his plans for marketing in the metropolitan area. "We now have five stores around New York City. Any shopper should be able to drive to one from his or her home within 30 minutes. This is what we wanted to achieve."

SHOPPERS at the opening found numerous well-known brand names on sale in both men's and ladies' wear. Several shoppers commented that they were happy Syms had come to Westchester as they

thought it would provide needed competition for established and more expensive department stores.

Syms speculated that at least two-thirds of the shoppers had been to other Syms outlets and already knew the store and its goods. Random interviews with shoppers supported his contention.

One man, who said he had shopped at other Syms stores for years, said he noticed that the firm's prices were going up. "When I first went to Syms I bought a good sports jacket for \$5. You don't find that kind of bargain anymore. But," he continued, "the quality of the merchandise has improved considerably, so I guess it's understandable that the prices are more."

IF ATMOSPHERE is what the shopper is seeking,

he won't find it at Syms. The interior of the two-story building is painted black, the floors are tile, and there's virtually no added decor. The building is more like a warehouse than a clothing store. Large changing rooms are provided on each floor, but there's little else other than racks and shelves crammed with clothing.

A sampling of prices showed Shetland wool sweaters imported from England selling for \$9, men's overcoats at \$139 (nationally listed to sell at \$210), and name-brand jeans which list for \$20 a pair at \$9. Prominent brand-name labels were seen everywhere, supporting the company's advertising claims that these are the kind of items the store offers.

The Energy Czar of Perth Amboy

→ Paul Colabella is a flamboyant man with a sculpted white pompadour, a pinky ring with his initials in diamonds, and a wardrobe of Sy Syms suits. Although his formal education ended in high school, he has accumulated an impressive storehouse of knowledge about the Perth Amboy waterfront. A year ago as he sat in his one-room office overlooking the Perth Amboy harbor, Colabella started to plan how he and the city of Perth Amboy could cash in on the offshore oil drilling that was about to begin in the Baltimore Canyon.

Exploratory drilling was due to begin in early 1978. Colabella knew if oil were struck in the 550,000-acre trough 80 miles east of New Jersey, oil companies would come looking for convenient onshore support bases. The companies would use the support bases to store equipment, to ship food and supplies to their rigs, and to hire workers for on and offshore jobs. Colabella also knew that the ecology-conscious Governor Byrne—unlike the governors of other nearby states—had given the oil companies the cold shoulder when they first expressed interest in Baltimore Canyon.

The owner and sole employee of Coastwise, Inc., Colabella is in the business of renting derricks, repairing barges, building floating docks, and supplying other services needed by shipping companies in Perth Amboy's harbor. In the summer of 1977 Lillian Buzzichelli, a French manufacturer of derricks, approached Colabella with a proposition to join forces in Perth Amboy. Colabella quickly realized that some of the oil money flowing from Baltimore Canyon could be his.

So Colabella began his campaign to bring oil companies to Perth Amboy by contacting Houston oil executives. "I got the names of the executives in charge of offshore drilling and called them cold," Colabella says. The oil men acknowledged Perth Amboy's assets, but still they were put off by the state's earlier coolness toward offshore drilling. "So I went to the city," Colabella says, "and kept pushing the mayor and director of economic development to go out on their own. They thought it was a good idea, but they knew little about our waterways."

That was Colabella's department. At a December lunch with Mayor George Otowski and state Energy Commissioner Joel Jacobson, Colabella argued so effectively for Perth Amboy that the commissioner gave the city a qualified endorsement for drilling bases, and the mayor appointed Colabella special energy adviser on the spot. "Energy czar," his friends called him.

Contributing Editor Shawn Tully frequently writes about business.

Next the energy czar flew to Houston. His panache helped him get personal meetings with the oil barons. "The higher up the oil executive, the higher up his office in the building," recalls Perth Amboy's Economic Development Director Fred Mazurek, who accompanied Colabella on his trip to Houston. "If the building had thirty-two floors, Paul always got us to at least the thirty-first floor." On the way to his important meetings, Colabella would walk backward into the wind to avoid messing his carefully groomed hair.

Armed with some Chamber of Commerce brochures and an old industrial map of the

food distribution right here, and Chevron and Hess already have installations here.

"Some of the companies felt frightened by the unions, but I talked to some of the union bosses, and I felt they might agree to a no-strike contract. They speak my language. All Yale men." He grins.

Because of Colabella, the oil companies rediscovered New Jersey. "They showed us that Perth Amboy had all the attributes we wanted," says J. R. Jackson, Exxon's manager of offshore drilling. "And they said they were happy to have us, which in New Jersey is not the norm."

So far Perth Amboy and its 40,000 citi-

Bill Bernstein



Colabella and the industrial map of Perth Amboy: The act went over in Houston.

harbor, Colabella wooed oil executives of nine different companies. "Some of the executives had never considered Perth Amboy," Colabella says. "All one guy knew was an unflattering comment he had read in a comic strip about Perth Amboy at low tide. I told the executives we had everything: deeper channels than Lewes, Delaware; shorter distance by sea than Davisville, Rhode Island [where the oil companies eventually set up their exploratory drilling bases]; and less ship traffic than New York or Staten Island. We have 400 acres available that used to be occupied by National Lead and American Smelting and Refining. We've got

zens have received no oil money, but industry officials say that the town is one of the first in line for support bases if oil is struck. It's a big if. The odds are only one in five—about the chance you'd roll a seven or eleven in craps—that the canyon holds enough oil to drill for. As of this summer, the first two completed wells had turned up dry, but the third well, drilled by Texaco, showed traces of oil.

New Jersey's chilly attitude toward offshore drilling manifested itself again last winter when Continental Oil wanted to build a support base for its drilling rigs at Absecon Inlet near Atlantic City. Absecon is the

possibly yet another 12 trillion later in the 1980s. Canada's National Energy Board might link approval of the sales to a U.S. promise to pay back the gas at some future time.

• Finally, in what has got to be one of the worst public-relations goofs of the year, Maryland residential heating customers of the Washington Gas Light Co. learned they would be liable for a \$30-per-month surcharge if they installed an electric heat pump. Why? Because the customer would use the heat pump in fall and spring, when it would be more economical than burning gas, and cut the company's sales.

Just how wrong the Carter experts were about an impending disaster shows up best in a chart published along with the National Energy Program showing a predicted sharp drop in U.S. gas production if the plan were not passed. The predicted production level for last year has already proved to be too low by more than 1 trillion cubic feet. The Administration cried wolf, but the wolf hasn't shown up.

Most of the new gas has been found as the result of drilling in areas where the likelihood of finding some gas, but not big new reserves, was high. Signif-

icantly, most of the new gas was intended for the intrastate markets in which prices are not controlled. Drillers are still wary about moving in a big way into riskier, higher-cost areas—such as deep onshore zones below 15,000 feet and some parts of the outer continental shelf—because of the continued uncertainty over the future price of gas that has to cross a state line to reach market. Some are going ahead, however, as Texaco's gas strike off the New Jersey coast this month demonstrates. The pending natural gas bill would settle the pricing question—whatever the bill's other merits or demerits. It probably matters a lot less precisely *how* it is settled than that it is settled.

Present federal laws hold the price of natural gas flowing from one state to another to \$1.50 per thousand cubic feet. This price is unrealistically low considering the cost of finding and developing much gas today. Unfortunately for the nation, Senator James Abourezk (D-S. Dak.) is fanatically opposed to giving even an inch to the gas industry. He has threatened to filibuster the pending bill because it allows gas prices to rise. Abourezk, whose heated opposition to the oil industry often seems irrational,

claims that he wants to hold down prices for consumers—as if depriving the country of needed supplies could conceivably keep down prices.

Further confusing the picture, the gas industry's Independent Petroleum Association of America is also fighting the pending bill. The IPAA is afraid that provisions discouraging industrial use of natural gas might so damage overall demand as to make it impossible to sell gas at the higher prices allowed. So even though the bill would let prices rise substantially and would end price controls entirely by 1985, some parts of the gas industry are against it.

This political mess notwithstanding, the underlying situation is clear enough. There is plenty of gas potentially in the offing: Canadian gas; possibly Mexican gas; synthetic natural gas; liquefied natural gas imports; Prudhoe Bay gas. There is even the possibility of tapping the 49,000 trillion cubic feet of gas dissolved in brine in a deep geopressurized zone along the Gulf Coast. The problem isn't gas. With due respect to Carter and Energy Secretary James Schlesinger, the problem isn't even the lack of a national energy bill. The problem is regulation. Too much of it, that is. ■

Come Shop In My Loft

Inflation is driving the would-be well-dressed man to pipe-rack discounters—where, amid genuine bargains, he shops at his own risk.

IN THE \$2.4-BILLION-A-YEAR men's retail clothing business more and more men are buying their clothes at warehouse-like manufacturers' retail lofts, low-overhead urban "off-price" retailers and suburban Route 4 glass-walled factory outlets where motley legions of size 42 regular ride the pipe racks *ad infinitum*. These discounters may already have an estimated 10% of the market and are gaining steadily.

This new breed of fat bird feeds off the recent years' massacre of men's clothing manufacturers (GGG's, Kuppenheimer, Michaels-Stern) and name retailers (Rogers Peet, Weber & Heilbroner, Robert Hall) brought on by high costs, cheap foreign imports, mercurial style shifts and the on-again, off-again disenchantment with business suits among American men.

The new retailing big-shot names are Syms, BFO (Buyers Factory Outlets) and NBO (National Brands Outlets), among many in the East. In Houston and Dallas, it's Kuppenheimer Outlet Store and Men's Wearhouse. In Los Angeles it's C&R Clothiers, Inc., there's Baron's



"Off-price" retailer Sy Syms

Growing in a "glorified warehouse."

and National Dry Goods Co. in Detroit and in Chicago there's The Suitery. Unless their radio and TV ads have driven you to distraction or you live far from the big urban centers, you are probably aware of their presence.

"Even the executive who makes \$50,000 a year," says one clothing manufacturer, "by the time he has paid his taxes and sent his kids to school, he *has* to shop in these places. In the old days he'd go to a department store and use his credit card."

In these inflationary times there are fewer and fewer men who can afford to pay the full retail price for the traditional hand-tailored garb of the well-dressed businessman (FORBES, June 26). Instead they join their blue-collar (and their no-collar) fellow citizens looking for bargains in places like these:

1) Manufacturers' retail outlets. Some suit manufacturers such as St. Laurie, Ltd. and Sussex Clothes, Ltd., for years one of the best-known labels among better men's suits, have turned turtle. In order to cope they have curtailed wholesaling—selling to retailers—and instead

are selling their fully labeled goods in downtown Manhattan lofts direct to the consumer. Murray Kozinn, president of the 65-year-old St. Laurie firm, has been selling this way for four years. He says he adds about \$30 to his wholesale price for a hand-tailored suit of foreign-woven worsted cloth that a retailer would "key-stone"—mark up 100%—and sell for about \$300. Kozinn's St. Laurie price: \$185. All of his manufacturing is done in a 30,000-square-foot loft downstairs from his selling floor.

2) "Off-price" retailers. Like old-fashioned "job lot" stores, they buy overstocked inventories from retail stores and clothes overproduced by manufacturers. They may also buy up extra piece

sales. The catch is that the troubled store will probably also be used as an outlet for merchandise bought from other sources—much of it inferior to the retailer's own goods. Alibis one well-known liquidator, "You can't afford to run out of size 15-34 if you're running a sale." In the effort to keep a "Going Out of Business" sale well stocked, of course, it could go on forever.

That's one of the risks the consumer faces in many stores: Next to the genuine \$300 suit selling for \$175 may be a genuine \$175 suit selling for \$175. Obviously, the salesman has motives for steering you to the latter.

To be sure, the variations on the major themes are as different as the men who

Like Sy Syms, Dorman sells only labeled goods of makers with designer and brand names. And like other off-price sellers, Dorman-Winthrop and Syms remove the designer labels in the suits and jackets they sell before the garments leave the store.

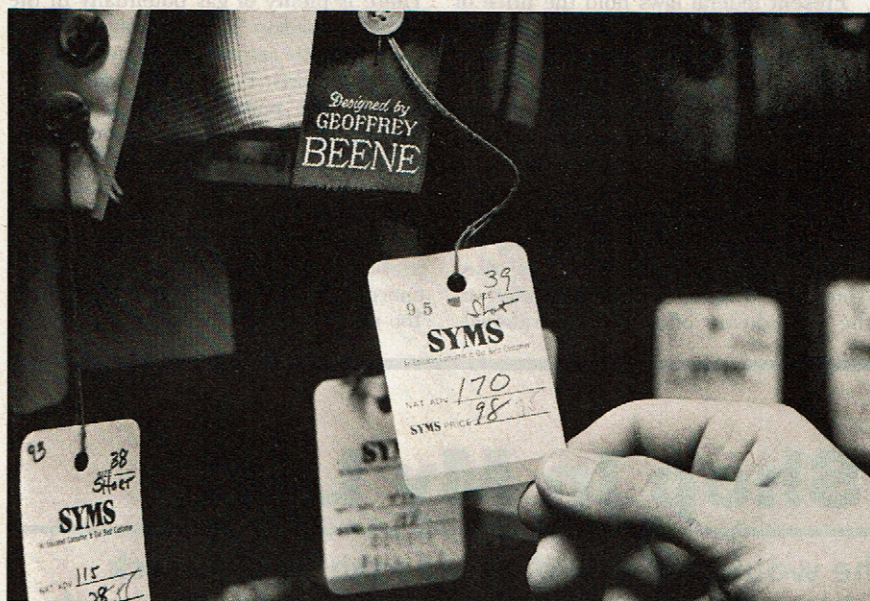
The bird that casts the biggest shadow over the ruins in the men's clothing business is a New York-based "merchandise consulting" firm called April-Marcus, Inc. It was April-Marcus who stepped in recently when the well-known Sussex firm got into financial difficulty. According to April-Marcus President Marvin A. Blumenfeld, his firm underwrote the debt-ridden manufacturer's liabilities, guaranteed payment on their piece goods and helped Sussex reorganize as a manufacturer's retail outlet retaining only a handful of retail customers. In return, April-Marcus gets a piece of the Sussex action from here on in. "We take only a few percentage points," insists Blumenfeld.

In much the same fashion, April-Marcus gets a percentage off the top from 130 men's clothing retail and manufacturing operations in the U.S. doing about \$100-million worth of business annually. Some of them are liquidations, most are factory outlets, but they all need April-Marcus' buying power (it does all of their piece-goods buying) and credit rating to stay afloat. "Most clothing retailers are always at least 60 days late paying their bills," says Blumenfeld, "We pay a week ahead of time."

The April-Marcus touch helped turn the once highly regarded Kuppenheimer manufacturing name into a come-on for a Texas factory-outlet chain. Six years ago the Kuppenheimer name was sold by its owner, Louis Roth & Co., to the Reston Slacks Co. of Columbus, Ohio because, according to Louis Roth President Michael Roth, "There was no longer enough demand for a \$275 Kuppenheimer suit to support its manufacture." April-Marcus "made a marriage" between Reston and a former Washington, D.C. retailer. What emerged were four Texas factory outlets with the Kuppenheimer name up over the door selling \$79 polyester suits bearing the once-revered Kuppenheimer label. "That's still a well-respected name in Texas," says one employee. The other 50% of the merchandise is coats, jackets, suits and shirts of lots of other colors, cuts and obscure origins from out of the labyrinthian April-Marcus distribution system. As Marvin Blumenfeld says, "We pay foreign manufacturers \$30 a suit instead of \$50 because we've got the cash."

Will it last? Listen to Sy Syms: "Every retailer in America will soon be operating this way."

But, of course, the shopper buys at his own risk. Can beating inflation be this important? ■



Brand labels at half the normal retail price

An "educated consumer" with a good eye can dress like an uptown shopper.

goods from manufacturers at prices as low as 40% off regular wholesale, to be cut especially for suits and sports clothes for their clientele. Says one merchant, "They will clean a manufacturer out at the end of a season, regardless of fabric or pattern." Off-price merchants may also pay as much as 65% off for "seconds" or "manufacturer's mistakes." (It isn't unusual for a manufacturer to have a bad run of 400 suits that can't be regularly wholesaled.)

3) Liquidations. What might be called the "endless bummer"—these are retail stores and bankrupt manufacturers whose "Going Out Of Business" sales have a way of going on forever. It is one of the oldest wrinkles in the clothing trade, refined to a science by a hard core of professional "liquidators" and flourishing as never before. Typically, a well-known but financially distressed retailer will call in a liquidator who, for a percentage of the gross, puts up enough money for the store to remain open and organizes well-advertised "clearance"

run the stores. Trained radio broadcaster Sy Syms, for example, has a seven-store "off-price" chain on the East Coast that began back in 1960 selling irregular shirts, socks and underwear at a single downtown Manhattan location. He still sells some irregulars in those items, but he insists that the suits and sports jackets he retails at prices from \$78 to \$188 are all perfectly fine overproduced garments or goods made specially for Syms from overstocked piece goods. "We'll pay 25% off the wholesale price for a garment that would sell to a retailer for \$137.50 and sell it at our \$158 price point," says Syms. "But, to make it worthwhile," says a competitor, "they will also sell something they got much cheaper at the same price." Says Syms, "I'll sell something I bought for \$100 at \$158. But an undesirable suit or jacket can't be sold for a higher price."

In Los Angeles, merchant Morton Dorman prides himself on buying only high-quality \$200 to \$500 suits for his two "off-price" Dorman-Winthrop stores.