



## Guest Comment

### Bees provide honey but are known to sting

Does a beehive move? From a comfortable distance, it seems firm enough, immobile even. But venture closer, and seemingly chaotic activity becomes obvious. Is the market rational? Viewed over time, the market appears to behave rationally, with some dips and flights but a solid, long-term pattern of ascent. Yet dare to view the market up close, and it can appear as if there is little rhyme or reason to the swarm of buys and sells.

Suffice it to say that we've been collectively aggravating the market "hive" with a big stick lately. Restated corporate profits and corporate fraud, terrorism and threats of war, the imploding of the technology bubble and resulting investor panics have caused the U.S. market to decline by 40 percent and over \$7 trillion since its March 2000 height; the international markets have behaved similarly.

In short, few investors have avoided the sting of decline. However, it should be salve to recognize that those who have felt it the least have been those who have distanced themselves from the center of the frenzy by adopting and maintaining a diversified portfolio.

One need not look far to find individuals who held most if not all of their savings within U.S. large-cap growth (S&P 500) investment vehicles at the turn of the new century. For example, an October 2001 Yale Working Paper by William N. Goetzmann and Alok Kumar, "Equity Portfolio Diversification," examined more than 40,000 equity investment accounts held at a large discount brokerage firm from 1991-1996. They found that the

vast majority of portfolios were clearly undiversified, typically concentrated in just a few stocks. Even those with more stocks benefited very little from diversification, as they were highly concentrated within a single asset class.

After a decade of stellar performance from large-cap growth, it was so tempting for those who did not recognize the importance of diversification to assume that the honey would never stop flowing from this particular source. Investors who failed to effectively diversify and instead chased yesterday's winning returns, have typically fared worse, both short- and long-term, compared with those who maintained a diversified approach to their portfolios via passive management and regular, disciplined rebalancing.

In the December 9, 2002, Fortune, there was an article posing the same question, "Is the Market Rational?" The academic research of Profs. Eugene Fama, Kenneth French, Bill Sharpe and Burton Malkiel has largely supported the efficient market theory. Others, such as Profs. Richard Thaler and Robert Schiller, have argued that behavioral patterns might be able to knock a purely rational market out of whack. Most telling, however, was a unanimous collective conclusion. Both "camps" agreed that the costs involved in attempting to profit from any existing market inefficiencies are too great to overcome. Therefore, the recommended investment approach from them all was to build a diversified, buy-and-hold portfolio comprised of low-cost, passively managed funds.

*Michael J. Nicolini, Financial Advisor, RSM McGladrey, Inc.*

## About the Centres

**Lexington Business Centre and Eastpoint Business Centre are dedicated to providing a diverse sustainable environment in which new and emerging companies can develop and achieve growth, with the end result being profitable businesses, job creation, capital generation, economic diversity and a positive impact on the Elkhart Community.**

**The Centres are managed by: Tiedemann Group  
421 S. Second St.  
Fifth Floor  
Elkhart, IN 46516  
574-522-0390**

### Elkhart's Small Business Incubators

The Lexington Business Centre

[www.lexingtonbizctr.com](http://www.lexingtonbizctr.com)

Eastpoint Business Centre

[www.eastpointbizctr.com](http://www.eastpointbizctr.com)

## LEDGER

# The Business

### EVENTS

FEBRUARY 19

OR

MARCH 20

6-8 p.m.

SBDC/SCORE

Workshop

"Starting

Your Own Small

Business"

Cost: \$20

(pre-registered)

\$25 at the door

APRIL 16

6-8 p.m.

SBDC/SCORE

Workshop

"Preparing Your

Business Plan"

Cost: \$20

(pre-registered)

\$25 at the door

574-293-1531

for details

# '03!

**Tenants share thoughts about new and old years oldoldarmed conflict looms large and clouds the prospects of some tenants in 2003.**

"I think we'll be fairly well off if we keep our noses clean, stay out of war and don't have \$5 a gallon gasoline."

That one-liner is Dave Pixey's summary of his company's prospects for 2003 after a year in which Pixco Fasteners recorded a 38 percent increase in sales over 2001.

"The past year was a tough one in some ways but it ended well," said Pixey, a Lexington Business Centre tenant who, in addition to his basic products, now is distributing a recycled rubber matting used in cargo trailers, horse trailers, motor homes and other vehicles, as well as a line of locking gas caps used by a local manufacturer. "And," Pixey added, "I have a couple of things in the pipeline that should help us continue that pace into the new year."

Mike Miller, who last year celebrated his 10th anniversary as Pro Line Enterprises Inc., believes he could see an increase in business this year of 25 percent if circumstances cooperate.

Miller, another LBC tenant and one of

a handful of Incubator operators who shared their feelings about 2003, says this, however: "Critical factor: negative effects if war escalates."

Pro Line, a wholesale distributor and manufacturer's rep of specialty adhesives, urethane and silicone sealant, and plastic sheet, experienced a much improved fourth quarter in 2002, which led to a 20 percent increase in business for the year.

Miller, who reports that he is working on some new products for distribution in 2003, believes the "greatest detriment to economic growth (this year) is unassuredness, i.e. employment stability; stock market growth."

Colmar Products, whose principal executives are Mark Fessenden and Chuck Borneman, is a sales and marketing company established in Eastpoint Business Centre in 2002. While selling products on a wholesale basis during the year, Colmar also developed a web site to establish a wholesale/retail network

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### Alumnus

## He once was Shooobop — yes, three o's

Dan Miller says he's having fun with his company, JD Millco, in a building out on Hammond Avenue. But is he having as much fun as when he was at Lexington Business Centre and his company was named — *Shooobop*?

"Maybe not," says Miller, whose face seems always on the verge of a grin. "But I had to change the name. See Miller, Page 2



**Dan Miller displays a Chinese Bear Globe. He has boxes of them he'll sell you if the price is right. (Photo by Jeff Gillaspay)**

# Exciting times, '02 and now, at Business Centres

It hardly seems possible that another year has come and gone, yet here we are starting on 2003. Last year was an exciting time for the Business Centres. We had a number of new tenants arrive and some existing ones graduate and head out into the world of business; we sponsored the Shop Talk sessions which featured some excellent speakers for our tenants and guests; and, after reading this issue's feature story on "03!," it seems that business has improved for some of the companies.



This issue of the Ledger also features a story on one of our former tenants, Dan Miller, that I hope you find very interesting. Dan had been up and running with his Internet business about three months when he moved into Lexington Business Centre. Dan was with us several years until he outgrew his space. I am certainly glad that his success has continued, and I am sure that it will continue in the future; since his days at Lexington he has come a long way. Nice going, Dan.

Please read the article on Elkhart County's Horizon Project (a milestone project for our community). I have agreed to serve as co-chair of the Entrepreneurship/Small Business Development Committee along with Allon LeFever from Goshen College. Together we hope to pilot a very wise and talented group of countywide business folks into leading the charge for Small Business here in Elkhart County. When we are done, we all hope that this county will have recaptured the Entrepreneurial spirit once again (we don't think it's lost but perhaps misplaced).

With a toast to the New Year, here's hoping you have a really great one!!!

**Carl Tiedemann, president, Lexington and Eastpoint Business Centres**

## Miller, from Page 1

I found out there was a porn site with that name on the Internet. I decided we better not go with that any longer."

Why *Shoobop* in the first place, Dan? "It was my daughter, Tess. She liked the movie "Grease," so we decided to try Shoobop (two o's) when we started the business five years ago." The third o? "That was an Internet thing, too. We found thousands of Shoobop hits with two o's, so we had an identity problem."

Miller was working a factory job about five years ago, when he began moonlighting by buying and selling things on line. "I suddenly found I was making more money part-time on the Net than on the factory job, and I started to wonder what might happen if we got serious ..."

Getting serious meant going to auctions, and he got an early break by getting his hands on blocks of popular "Star Trek and "Highlander" items which he turned over for nice gains."Some luck helped," he says.

Miller had been working the Net full time for a few months before he entered at Lexington Business Centre, where he operated until last year when space considerations sent him elsewhere. "I loved it!" he says of the Incubator Program. "I wish I could have stayed, but conditions weren't right. Would I go back someday? You betcha."

Miller says he tries to steer other fledgling businesses to LBC if he thinks they might be a fit for the Incubator.

As JD Millco, Miller buys stores' and manufacturers' closeouts and re-sells the goods. "We still sell some on line but we've backed down on that some and primarily do the wholesale," he says.

Miller, a Nappanee native, has two other daughters, Molly and Meagan.

## '03!, from Page 1

for its garden-related products.

"In 2002," reports Colmar, "we began by manufacturing and selling botanical markers under the Garden Interludes brand name. Colmar has added a line of vases (The Cascade Collection) which is available for 2003." Another product under development for the first quarter of 2003 is a line of sculptured-steel figurines for garden and landscaping enhancement.

A healthy 2003 is foreseen by the company, "which has moved into position to take advantage of their new E-Commerce Site (Gardeninterludes.com). Recent software enhancements in the web site development area have not only created a user-friendly environment, they have also reduced the entry level costs."

Tom Cassity, president of Advanced Engineered Space, has an office in Lexington Business Centre, apart from his manufacturing plant. His company began in 2001 to manufacture and deliver medical modular buildings to house CT and MRI equipment. In general, he is pleased with the way things have gone for his business.

"Last year was a tough one in our industry," says Cassity, "but we made it through, and it looks real good for 2003. We have some good jobs booked for the year, and bidding activity has been strong since November."

Homestead Finance Corp., which was in a liquidation mode in '01 and '02, is resuming its lending operations this year, according to Ron Youngquist, president of the company, a one-time LBC tenant which moved into Eastpoint Business Centre last year.

Youngquist sees positives for 2003:

"We hope to generate some new growth by financing used mobile homes both in mobile home parks and on private land. In addition, we plan a steady reduction in corporate debt. We will continue to do appraisals of mobile homes and write mobile home owners insurance."

# The Business

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## Today's tenants

Incubator Tenants at Lexington Business Centre: Advanced Engineered Space, AFLAC, Alternative Business Solutions Inc., CenturyTel, Dawn Realty Inc., E&W Sales, Greenleaf Services, Indi-Cal Corp., Junior Achievement, KB Sales Co. Inc., Pegasus Stringed Instruments, Pixey Enterprises, P.M. Buttons & Embroidery Inc., Poly-Stitch, Precision Wire Die Inc., Pro-Line Enterprises, Inc., QP Inc. Dosy Meters, Queins-Viteck Sales, and R.A. Current.

Incubator Tenants at Eastpoint Business Centre: P.T. Services Inc., Fessenden Management Counseling, Homestead Finance Corp., The Hope Builders Group Inc., and Wise Electric Inc.

### Advertise in The Business Ledger

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# The

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## Horizon Project

### Hoping to spread the entrepreneurial spirit



These members of the Entrepreneurship/Small Business Development Committee of Horizon Project met recently at the Lexington Business Centre. Left to right are Dale Weaver, Jim Acheson, Emerson Ropp, Jim Hiatt, Linda Rupnow, chairman Allon LeFever, George Marlow, Tom McArthur, Dennis Blyly, Mark

Fessenden, Carl Tiedemann and Jim Dogue. The group heard a presentation by Tiedemann on entrepreneurs, entrepreneurial organizations and Business Incubators. LeFever elicited from committee members a list of suggestions that might help generate entrepreneurial activity throughout Elkhart County.

## Horizon Project looks toward a 'Dynamic Tomorrow'

Lexington Business Centre, home of a successful Business Incubator program for a dozen years, was an appropriate site for December's meeting of the Entrepreneurship/Small Business Development Committee of The Horizon Project.

The Horizon Project — subtitled "Today's Vision for a Dynamic Elkhart County Tomorrow" — is an ambitious countywide study/action program whose activity may be best defined as doing everything it can to help realize its proposed vision statement:

"Elkhart County will be a globally recognized center for entrepreneurial creativity. This reputation will be built by resi-

dents who have the courage to take risks, help each other succeed, and be good stewards of the land. Outstanding businesses and talented professionals will chose to locate in our community to participate in our excellent schools, rich cultural life, clean and healthy environment, and vibrant downtowns.

Neighborhoods will be safe and attractive places to live, full of opportunities for all people, where residents treat each other with respect and tolerance. The entrepreneurial culture of Elkhart County will be supported by a highly skilled workforce, a diversified economy, opportunities for life long learning, and effective governmental collaboration and planning."

## Tenant Report

### JA 'business' is taking a hit, but not as big as in past

"Business" bounced back for Junior Achievement in 2002.

JA of Elkhart County, Inc., which functions both as tenant and administrative center for Lexington Business Centre, saw its overall donations plummet by about 40 percent after 9/11; giving is off 15 percent so far this fiscal year, which will end June 30.

"Critical to the new year will be money and volunteers," says Karen Shackle, who heads the local JA operation.

The non-profit organization, which offers free-of-charge economic education programs to all area schools, hopes to further develop its new Personal Finance course designed for classes in

9th to 11th grades. A job-shadowing experience might be provided but that is not definite, Shackle said.

Program changes for 2002 included introduction of a new computer-driven course for middle school and high school classes, as well as participation in Great Race with a 5K Fun Walk.

For eight years, the Junior Achievement office has been the hub of activity at LBC, conducting day-to-day JA business as well as providing basic administrative assistance to other tenants.

Carl Tiedemann, president of LBC, says "having JA here has been great. What an appropriate organization to have as tenant."