

Winston-Salem Chronicle Minority Business Development Report

NEW MINORITY MEMBERS SECTION

Highlighting the new members of Minority Businesses in Winston-Salem

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ECONOMIC VIEWS

MANAGING BOND INVESTMENTS IN A CHANGING INTEREST RATE ENVIRONMENT.

(Michael J. Robinson, associate vice president, Investments, Dean Witter Reynolds, Inc.)

In 1993, the long, downward spiral of interest rates drove short- and long-term bond yields to their lowest levels in thirty years. Whether the upward trend in interest rates that began in 1994 will continue remains to be seen. Although one of the best bond investment strategies takes interest rate volatility into consideration, many investors fail to chart a course that can withstand, or even possibly benefit from, a changing interest rate environment.



Maturity Diversification Is Key

Mike Robinson

A common mistake many bond investors make is failure to diversify, not only by asset class, but by maturity. Structuring a portfolio with only short-term securities subjects investors to reinvestment risk — if interest rates go down, their maturing principal will earn lower returns when they reinvest the proceeds. On the other hand, while holding long-term securities typically may provide higher yields, it doesn't offer the liquidity necessary to take advantage of investment opportunities as they arise. Since investors can't predict the exact highs and lows of interest rates, in order to increase portfolio return and reduce exposure to reinvestment risk, the wise investor opts to construct a portfolio with a variety of maturities, from short-term to long-term, using a ladder portfolio strategy.

The Ladder Portfolio Strategy

The Ladder portfolio method of investing is structured to perform in all economic climates, and considers current interest rates as well as anticipates changes in the future. This strategy has become increasingly popular among fixed income investors as an innovative, yet conservative means of staggering the maturities of a group of bonds within their portfolios. When maturing principal becomes available for reinvestment, an investor can choose to reinvest that portion of the portfolio in either short- or long-term securities, and/or vary the portfolio's asset mix, depending on the interest rate environment and his or her financial objectives at the time.

The Ladder Strategy Can Work In Every Rate Environment*

* If interest rates rise, the investor can reinvest principal from the ladder's maturing short-term securities into longer-term, higher-yielding securities, effectively increasing the overall return of the portfolio. Liquidity is maintained as the securities originally purchased continually shorten and mature as time passes.

* If interest rates fall, higher yields are already locked in through the long-term securities in the portfolio, minimizing reinvestment risk. In this environment, the investor can reinvest maturing principal into shorter-term securities to further enhance liquidity in anticipation of future rate increases, or move out further in maturity to capture higher current rates.

* In a stable interest rate environment, the investor can continue his or her current investment pattern of reinvesting principal to effectively increase the overall portfolio yield and maintain liquidity.

If you are seeking the safety of a U.S. government guarantee of interest and principal, a ladder portfolio works very well with taxable fixed income securities such as government-backed zero coupon bonds or treasury securities. Depending on your investment objectives, ladders may also be constructed using other fixed income investments, such as high-quality corporate bonds.

* Although a ladder portfolio may not outperform other investment including bonds of a particular issuer or maturity date, it may help stabilize a portfolio's performance, minimizing exposure of long term maturities to interest rate and market risk while increasing overall return potential of short-term securities.

If you would like more information about laddering, please write care of Winston-Salem Chronicle, P.O. Box 1636, Winston-Salem, N.C. 27102

Convention Activity in Winston-Salem/Forsyth County

Date	Organization	Attendance	Facility
7/1	Britt Motivations	9,000	LJVM
7/7	Winter Marketing	6,000	LJVM
7/14	Black Leadership Caucus	250	Sawtooth
7/16	Universal Round Dance	700	Convention Ctr.
7/28	Sigma Gamma Rho	1,000	Convention Ctr.
7/31	U.S. Tennis Association	500	WFL

BUSINESS PROFILE

Black Service Station Owner Celebrates 1st Year

By DAVID L. DILLARD
Chronicle Staff Writer

Two years ago, Lewis Devlin said he would have laughed at the idea of owning a service station.

After spending several years in Winston-Salem as an insurance agent, he decided to change careers instead of relocating to another city. That career move was the creation of Devlin's Shell and the preservation of one of the city's few remaining black-owned businesses.

"I'm the only black privately owned Shell station between here and Raleigh," he said. "I didn't want to move and there was a black business available. I saw an opportunity."

After 40 years in business, Joe Bacote sold the service station, located on the corner of Martin Luther King Jr. Drive and Fifth Street, to Devlin last July.

Devlin's Shell, which will celebrate its first anniversary next month, is one of two black-owned major service stations in the city.

He credits Bacote's long presence in the community for helping him remain successful.

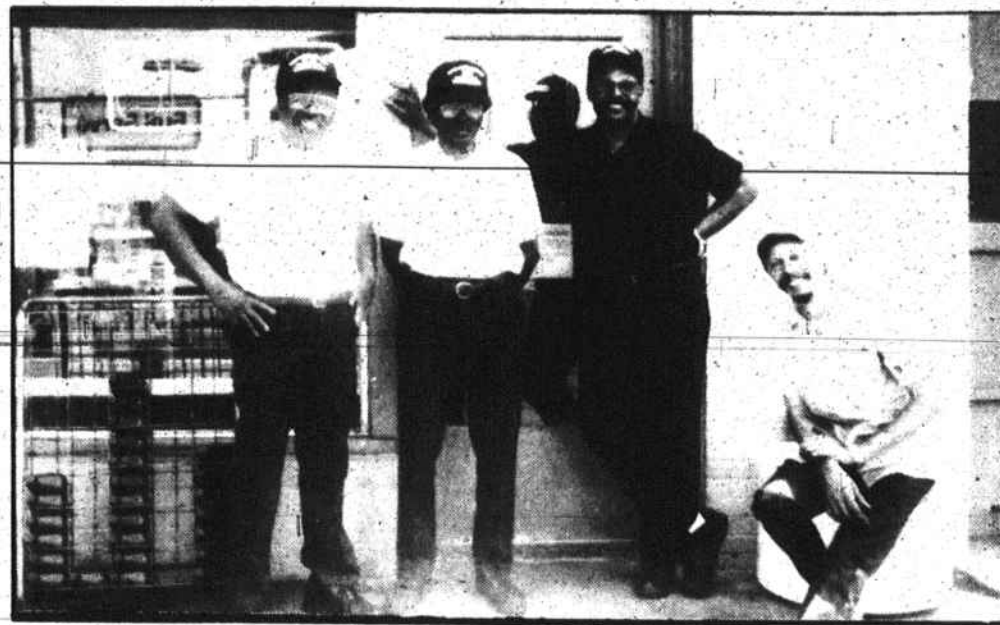
"He had a good reputation," Devlin said. "The community has accepted us well and they have not realized that (ownership) has changed."

Devlin, 50, is a native of Pickens County, S.C. He started the business with David Duncan, a fellow deacon at Shiloh Baptist Church, and Ike and Jackie Sims. Duncan, a skilled mechanic, died only a month after they acquired the business and Devlin had to reorganize. He said the business has been able to exist because of heavy support from the black churches.

The garage is the backbone of the station, but the gas station is one of few that still offers a full service that includes free fluid and air checks.

"Full-service stations are fading out around the country, but they are needed," he said. "I hope to be able to grow here."

Devlin currently employs three full-time and three part-time employees. He says being an entrepreneur doesn't give him a lot of free time, but it has



Lewis Devlin, Richard Rice, Ike Sims and Terrah Hammonds.

allowed him to make contributions to the community. "I'm able to provide an affordable service and help out a lot of people," he said. "Money made in the black community usually goes back into the black community. We are able to give people jobs and make donations to community projects."

CHAMBER NEWS

East Area Council Strives to Help the Community

PART 1 of 2 PARTS

A new program, aimed at helping area business get a bigger share of the local market, is taking off across the Triad beginning this month.

Buy Local, a project of the Greater Winston-Salem Chamber of Commerce in conjunction with the Winston-Salem Purchasing Association, encourages consumers, businesses and government agencies to purchase goods and services in the local area when accessibility, price, quality and service are competitive.

"What we want to do is help local businesses get a bigger piece of the

pie," explained Catherine E. Green, a local consultant, who is vice chairman of membership on the Executive Committee of the Chamber's Board of Directors.

"Chamber members say that recruiting and film efforts sound exciting. It's great that these efforts are bringing new jobs to the community. But people want to know what's in it for them. And, of course, that question is always going to be very high on any list," she said. "Buy Local is designed to give local businesses an opportunity to increase their base."

Robyn Mixon, vice president development and small business for the Chamber, explained that the program, which includes the Piedmont Triad area, has a dual track. While major business purchasing is the primary focus, Buy Local encourages local buying decisions on both a business and individual consumer level.

After all, each of us makes decisions every day - to order from a catalog or to buy in a local store - and one of our goals is to heighten awareness of the impact of these buying decisions as well," she said. "Dollars spent in the community have a multiplier effect of anywhere from three to

seven-times starting with the first dollar paid. That can clearly pay off for Winston-Salem in jobs, residences, business growth and general well-being in the community."

Groundwork for Buy Local began in February when the Chamber sent a survey to 160 of the community's largest employers to find out about their buying habits. With the results, the Chamber compared what companies are doing now to what they could do in the future.

Forty-five companies answered the survey, providing extensive data including dollars spent locally in 1993.

Pitt Named President of Sales & Marketing Executives of W-S

By VERONICA CLEMONS
Chronicle Staff Writer

Mike Pitt, advertising manager for the Winston-Salem Chronicle, is the new president of Sales and Marketing Executives of Winston-Salem.

Pitt, a seven-year member of the organization, will be replacing Hanes Mall General Manager Tom Winstead as president. Pitt has served on the board of directors and as vice-president. Winstead added that Pitt is the first African-American president for the Winston-Salem affiliate.

"Mike will bring a strong sense of organization, a high sense of professionalism and a different perspective within the business community," he said.

Pitt said SME is one of the best networking opportunities for sales and marketing executives. In addition to meeting peers in the same profession, Pitt said members can "learn to grow as professionals, exchange ideas, form partnerships within business and outside of business."

Pitt said his main task as the new president will be to keep SME moving in the same direction it is now.

"I am committed to following the groundwork laid by my predecessor by keeping the organization as a learning one with good speakers and promotions," he said. "The board of directors and I will work to insure that the fiscal health of the organization remains sound, and that we maintain the code of ethics in membership criteria."



Mike Pitt

Pitt added that he wants to get more minorities involved with the organization. Many African-American marketing professionals do not realize the power of networking, getting their names out among their peers, he said.

"I can look at all the opportunities and possibilities we have in this small group," he said. "Too many times we put up a shingle and wait for the business to come. Building relationships is the best way to help our businesses to grow."

SME is a national organization of sales and marketing executives. Affiliates meet monthly with an ultimate goal of ensuring better standards of living through sales and marketing, and providing sales and marketing executives, associations and members with effective leadership. This goal is achieved through objectives such as

assisting in the development of and supporting local sales and marketing executives' associations, encouraging the cooperation and exchange of information, enhancing professional development at all levels of sales and marketing and making information available about the profession.

Perspective members of SME must be approved by the board of directors and be involved in sales and marketing in one or more of the following areas: sales management, marketing management, training management, consulting management, business ownership and educator member.



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