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BUSINESS

Getting on the bean with shops

By Olu Alemoru
WAVE NEWSPAPERS

LOS ANGELES — At Fifth Street Dick's cafe in Leimert Park, the walls are adorned with framed photographs of Miles Davis, John Coltrane and Dexter Gordon. The intimate coffee shop has long been part of the fabric of the area, but lately it has found itself waging an uphill battle in a Starbucks world.

Originally owned by activist and jazz advocate Richard Fulton, who died in 2000, the establishment is now run by his partner, Erna Kent. After relocating to 4305 Degman Blvd. in October 2005, across the street from the Lucy Florence Coffee Shop, Kent is now preparing to sell the business.

"We've tried to keep Richard's spirit very much alive," said Kent, 59, a hairstylist by trade, who runs the business with her daughter Shannon. "We have live jazz performances three days a week with young up-and-comers like Kamasi Washington and the Next Step. People can surf the Web, watch TV or just sit and talk."

"We have a few loyal customers, but not enough local people are patronizing the place."

Fifth Street Dick's plight is emblematic of the challenges faced by some independent proprietors who are attempting to capitalize on the growing

African-American involvement in coffee culture. And while local businesses are trying to establish or maintain a foothold in the lucrative industry, higher-profile business names are making inroads into urban areas as well.

From brand-name European-style cafes, kiosks and carts to the distribution of beans and accessories — coffee is a multibillion-dollar business that continues to expand at a remarkable pace. According to the Specialty Coffee Association of America and the independent research group Mintel, the total U.S. coffee market reached \$11.05 billion in 2005, up from \$9.62 billion in 2004.

Fifth Street Dick's new owners, whom Kent will not identify until the sale is finalized, are promising to give the place a "new young funk." Lucy Florence, owned by twin brothers Richard and Ron Harris, has managed to survive by creating its own niche. Locals still enjoy the old-style coffee experience there, but it now doubles as a cultural center with music, art, movie and political meetings and forums.

"It was crucial that we diversified as a business," Richard Harris said. "A coffee shop is who we are and we're proud of that, but our diverse clientele are also now attracted by different things."

Meanwhile, the Magic Johnson Development Corporation has helped create a Black consumer brand through a partnership with Starbucks Corporation, which operates approximately 8,000 stores in North America and 11,000 stores worldwide.

Established in 1998, the joint venture, Urban Coffee Opportunities LLC, has 93 locations throughout the country including Los Angeles, New York, Seattle, Chicago, Detroit, Atlanta, San Francisco and Washington.

BOBCATS TURN REINS OVER TO JORDAN



FILE PHOTO/CALVIN FERGIUSON

Charlotte Bobcats owner Bob Johnson, (right) with Mayor Pat McCrory, was the toast of the town when the NBA returned in 2004. Now he's turning control of basketball and business to Michael Jordan.

Breath of fresh Air

The following is edited comments from last week's press conference with Bob Johnson announcing Michael Jordan's decision to buy into Johnson's business interests, which include the NBA Charlotte Bobcats.

Q: Did this take two years to evolve or was it on the backburner and brought back up?

A: Michael and I have always been friends, and one of the things Michael has always wanted to do — and I've always wanted — was to own his own team. Michael has made several attempts to own his own team, and the NBA has been very active in trying to help Michael acquire a team. When that didn't happen and time passed on, I think Michael saw this as a way to be connected with basketball, do other business pursuits and do something with a friend of his in Carolina where he was born and played ball, and do it with a team that has a fresh, new start. I think all of those things sort of came together in Michael's mind.

Q: What will Jordan's day-to-day role be?

A: Michael is not a day-to-day employee — he's not an employee at all. He is an owner who I have given the authority to oversee all of basketball player personnel decisions. ...Bernie (Bickerstaff) will be returning as head coach and general manager and working closely with Michael to make decisions about player personnel and everything associated with the players.

Q: Does you still own at least 51 percent of the team?

A: I am the majority owner of the Charlotte Bobcats, and I will always be the majority owner of the Charlotte Bobcats.

Q: Is Jordan buying for his share of the team?

A: We have never given out numbers as to how much individ-

uals have invested in the team. Michael is the second-largest individual shareholder in the team next to myself — individual shareholder, not counting an entity or business. The only way to acquire equity in that is with cash.

Q: What other company interests is Michael seeking outside of the Bobcats?

A: When I left BET, I formed RLJ Companies, and that company invests in hotel real estate, we have a private equity venture, a hedge fund

venture and a number of operations in the Caribbean

involved in video gaming. We are looking at other business investments — an investment in Charlotte, North Carolina, in something called Rollover Systems. We have a number of businesses that Michael has the opportunity to look at, as well as to bring us deals that he has identified that we might want to partner with him in. It's a combination of us doing business together in all of our business ventures — sports as well as other related financial services — as well as two friends who have been friends for a long time saying, "Let's do something fun together, and let's pool our resources and our talent and hopefully make some money and have some fun."

Q: Is there any chance of Jordan playing for the Bobcats?

A: There is no chance of Michael playing for the Bobcats.

Q: How visible will Jordan be in his role?

A: I want to reiterate — Michael is not an employee of the Bobcats at all. He is an owner like the other owners in the organization. In terms of his commitment to the team, his desire to help make the

organization better and help make the organization a success in Charlotte both on and off the court, it will be up to Michael to determine — as it is to the other owners — how much he will be engaged on a day-to-day basis.

Q: How will the Bobcats best leverage Jordan in terms of marketing or PR opportunities?

A: You don't do that. Michael is an owner like any other owner. He has a commitment to the companies he invests in as anybody does that invests. He understands that this is both a sport and a business, and he will be actively engaged with his business ability, his connections and his personal skills like any other owner would. You do not leverage Michael Jordan. You don't need to.

Q: How is the decision-making from a player personnel standpoint to be divided between the General Manager and owner/supervisor of player personnel?

A: It's real simple. Michael is an owner. Bernie is the general manager and head coach. General managers and coaches report to owners. Michael has the decision-making authority.

Q: Will Jordan be in the draft war room?

A: When I put Michael and Bernie together, they got into it right away. Over the next several days, Bernie will be doing a download on Michael of all the intelligence that he's gathered about what the team needs, what the pick situation looks like, what has been the result of the workouts they've had, any possible trade deals lurking out there — they're into it now. Michael has a tremendous amount of confidence in Bernie's insight, and Bernie has a lot of confidence in the advice Michael is going to bring to him.



Jordan

Couples choose charity with vows

By Brad Foss
THE ASSOCIATED PRESS

Jen Crane and Tom Frohlich of Seattle are banking on the generosity of friends and family to collect as much money as possible when they get married — but not for selfish reasons.

In fact, the couple is quite embarrassed at the thought of receiving a bounty of traditional wedding gifts, be they large checks or fancy dishes. That is why they are instead encouraging guests to make donations in their honor to three charities: the Sierra Club, Girls on the Run and Youth in Focus.

Crane and Frohlich, who will exchange vows next month before 80 guests on Orcas Island off the north coast of Washington, are part of a tiny-but-growing group of couples turning their weddings into philanthropic opportunities. It is a trend that is picking up momentum, industry officials said, with help from a handful of Web-based nonprofits that serve as virtual intermediaries between couples, charities and guests.

While these decisions are largely a reflection of couples' altruism and other personal values — Crane, for example, volunteers with the Sierra Club — many who are setting up charitable wedding registries acknowledge more practical motivations. For instance, as the average age of U.S. newlyweds rises and more couples live together before tying the knot, there is not as much need for cookware and other traditional gifts as in previous generations.

"We're in our 30s, so it's not like we need a lot of stuff," said Crane, whose charitable wedding registry is managed by the I Do Foundation, a Washington, D.C.-based nonprofit that sends e-mails to guests informing them of the couple's unorthodox request.

Oil chiefs defend high U.S. prices

By John Heilprin
THE ASSOCIATED PRESS

WASHINGTON — Americans paying \$3 per gallon at the pump have it relatively cheap when compared with prices globally, say oil and gas company executives who defend their record profits as essential to maintaining supplies.

In parts of Europe and elsewhere in the West, gasoline prices are more like \$5 per gallon to \$7 per gallon, said the chairman of ConocoPhillips Co., James J. Mulva.

"This is a global business, and it's not only that we need to add to supply, but we need to reduce demand," Mulva said. "In the United States alone, we have about 2 percent of world oil reserves, 5 percent of the population and yet we use about 25 percent of the world's consumption of oil."

Mulva and two other executives who appeared on NBC's "Meet the Press" said they are optimistic about keeping a lid on domestic prices, unless their fears come true about the potential for damage to U.S. energy production from the hurricane season that began June 1.

"I do understand why consumers are concerned. The thing that concerns all of us, I think, is that we're heading into hurricane season again," said the chairman of Chevron Corp., David J. O'Reilly.

Scientists say this year's season could produce 16 named storms, six of them major hurricanes. Last year's was the most destructive on record and the busiest in 154 years of storm tracking, with a record 28 named storms and 15 hurricanes.

Thousands of oil company employees living in temporary housing along the Gulf Coast are "much more subject to having to evacuate if hurricanes were to return," O'Reilly said. "But absent the hurricanes, I'm optimistic" that prices will not spike this summer.

Though many U.S. consumers blame high pump prices on oil companies greedy for profits, the oil company chiefs blame global competition for supplies.

Midyear time for business checkup

By Joyce M. Rosenberg
THE ASSOCIATED PRESS

NEW YORK — The summer often brings a welcome slowdown for many small company owners as customers take vacations and the pace of business relaxes. So, it's a great time to take a close look at your company's finances and assess where you're headed during the second half of the year.

Many small business advisers recommend that owners sit down with their accountants during June or July to determine what changes they need to make to their financial projections and overall business plans. Taxes, cash flow, capital spending and employee benefits are among the many topics that should be discussed.

One of the first items you need to consider is your estimated tax payments, and whether your remaining payments for 2006 need to be adjusted upward or downward.

"You don't want to pay in more than you have to," because the money you overpay can be put to better use within your company, said Gordon Spoor, a certified public accountant in St. Petersburg, Fla. On the other hand, if you're underpaying, you're running the risk of having to pay a penalty to the IRS next year.

You can find out more information about estimated tax payments in IRS Publication 505, Tax Withholding and Estimated Tax. You can download a copy from the agency's Web site, www.irs.gov. You should also check with your state tax authorities to determine how much estimated tax you should be paying them.

If you don't know what your taxes are likely to be for the rest of 2006 but you're fortunate enough to have a strong cash flow, consider stashing some of the money away in case you do need it for taxes later in the year

or early in 2007.

"You can have it set aside and invested in a safe investment like a money market account," Spoor said, noting that with interest rates higher now, your company will earn more money.

Now is also the time to be looking at your capital spending plans for the rest of the year — cautiously, accountants say.

"In this dicey market, I'd be telling them not to make any risky moves like in real estate," Spoor said.

Jeffrey Berdahl said equipment purchases should also be thought through carefully. While what's known as the Section 179 deduction gives small businesses a great tax break when they buy equipment like computers, office furniture and machinery used in manufacturing, the cost of financing such a purchase may offset the benefits of the deduction.