

## BUSINESS

## Takeovers threaten to snuff out large black businesses

By James Clingman  
Special to Sentinel-Voice

The latest in a significant chain of economic events affecting Black people is the purchase of Soft Sheen Products, a Chicago-based Black hair care producer.

Of course this incident, in and of itself, is not earth-shaking and will not cause Blacks to start jumping out of windows. However, it does revive haunting memories of the mid-1980s and Irving Bottner, the "Rascal" of Revlon.

Back in 1985, Bottner, then a high ranking executive of Revlon, predicted that Black hair care companies would be taken over by White companies in about 15 years. Well, here we are 13 years later. Johnson Products bit the dust in 1992 and now Soft Sheen has been captured — by a White-owned company. (At last check Johnson Products is now in the Carson camp, a Black-controlled company).

Back in the mid-1980s, when the American Health and Beauty Aides Institute (AHBAI) was established, Bottner's arrogant — and some said outlandish — statement started a national boycott of Revlon Products.

We stopped buying Revlon and paraded in front of coffins and laid our Revlon products to rest. We were symbolizing the death of that line in our community. We swore that was the final straw and that there would be grave retribution for Revlon and its insolent executive. Yeah, right.

Two of our landmark companies — companies started and managed by Blacks — have been sold. These companies provided jobs for Blacks, were located in Black communities and stood as paragons of entrepreneurial tenacity and savvy for Black youth.

While I will not concede that Bottner's prediction has been fulfilled, I will acknowledge that we are asleep at the wheel when it comes to our economic well-being.

After we ranted and raved about Revlon's faux pas and promised to never let it off the mat, Revlon went into its caught-in-the-act contingency fund and began damage control in the Black community. Contrition was in great supply and apologies were all around. Black people acquiesced again, and the rest is history.

We were back to business as usual in the Black community. We made them pay all right, and they are still paying, only this time it's for our businesses.

A 35-year-old, nearly \$100 million Black-owned company, and leader among Black hair care firms, Soft Sheen has now become the property of L'Oréal, a Canadian conglomerate in what the *New York Times* called a "...bold move to become the world leader in ethnic beauty..."

How did this happen? Or maybe a better question is, "Why did this happen?"

The sale of Soft Sheen and other Black-owned firms, Bottner's comment notwithstanding, is merely a sign of the times. In the merger-charged atmosphere that abounds in this country, everyone seems to be forming partnerships and alliances except Black people. Thus our companies are being devoured by the highest bidder.

There is literally a feeding frenzy for the Black dollar and we are throwing our dollars to the sharks, who are getting fat and happy. The sad part is we continue to do so, even after being insulted by those who benefit from our money.

We can see the same thing happening in the Black hair care business with the distributors and various suppliers, mostly Asian, controlling the prices we pay for products manufactured by Black people for Black people. We also see the trend in the funeral industry as well as in the music business. Is this good or bad?

As one of the leading authorities on the Black hair care industry, Lafayette Jones, puts it, "The sale of companies like Soft Sheen can have positive and negative ramifications. On one hand, the opportunities I had to work as vice president in some of the leading Black hair care firms in this country would probably not have been available had they not been owned by Blacks." Jones

(See *Empowerment*, Page 7)

## Bull market bargain hunting requires patience, perseverance

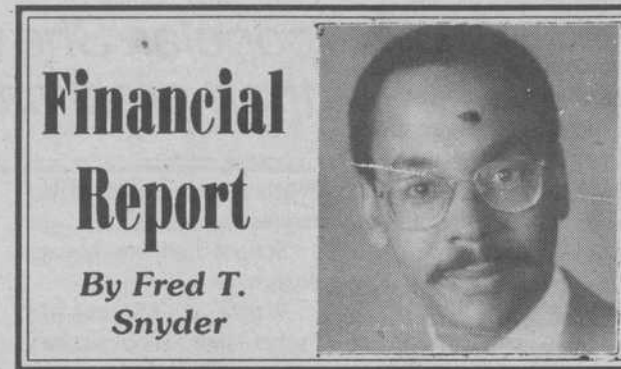
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When making a purchase, you probably try to find a good product for a good price, of course, a bargain is only a bargain if the product you're buying offers the quality you expect.

Professional money managers, known as value investors, use a similar approach when shopping for stocks. These managers search for quality companies whose stock is attractively priced. Using the same criteria the professionals use in shopping for values in the market can help you choose stocks for your portfolio.

Although the stock market has suffered some dramatic dips recently, the overall direction of the market has been up, which can make shopping for bargains more difficult.

While past performance



doesn't guarantee future results, between August 1996 and August 1998, share prices of companies that make up the Dow Jones Industrial Average climbed nearly 50 percent.

With a little patience and perseverance, quality stocks at attractive prices can be found. Bargain hunting gets easier during periods of steep market declines.

The following criteria can be used in both up and down markets in creating your



shopping list for attractively priced quality stocks:

— **Price-to-earning ratio.** The P/E ratio expresses the value of a stock in terms of a company's earnings. You can calculate a stock's P/E ratio by dividing the current market value of the stock by its annual earnings per share. This equals the multiple, or number of times, that you would be paying for each dollar of earnings.

For instance, a stock selling for \$20 per share and

its annual earnings for the previous year totaled \$2 per share would equal a P/E ratio of 10.

Generally speaking, stocks with low P/E ratios may represent companies or industries that have fallen out of current favor and/or a low earnings growth rate. They may be large well-established companies with successful records of ratios of companies in the same industry and the same size.

— **Price-to-sales ratio.** This ratio compares the company's stock price to its sales per share. It's calculated by dividing the company's share price by its sale-per-share.

For instance, XYZ company with a \$50-per-share stock price and sales-per-share of \$10 would have a price-to-sales ratio to five.

(See *Finance*, Page 8)

## Studying market demographics helps direct ad pitch

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Q. Dear Regina: My partner and I run a travel agency promoting Caribbean travel. We would like to boost travel among African-American vacationers. We have had several all-inclusive junkets to islands in the fall and winter, but were unable to fill the flights — even with great reduced rates. What else can we do?

A: Study the demographics of the market. Are you advertising mere weeks before the scheduled take-off date?

Economically, African-Americans are often not as "financially spontaneous" in investing in a vacation they only heard about weeks before. More intense, advance planning and saving normally takes place prior to vacations.

Did you consider aggressively targeting groups and local organizations who may want to have their annual meeting or convention on an exotic island? What age group are the trips targeted to? And are these advertised specials overlapping with holidays or



taking off mid-week?

Couples, and young professionals with children are less likely to take their vacation in the fall/winter or mid-week when their children are in school. Design your advertising and the itineraries around the segment of the African-American population who are most likely to partake in last minute great deals in the fall/winter. Ample notice, circulated in the right place, with messages directed to the right folk are key.

Q. Dear Regina: My family has always been in the funeral home business. Now, I'm old enough to take over and I want to do some marketing and advertising to expand what has been a community-oriented

insurance.

A: Presumably your target market is Black. Therefore, begin by advertising in local newspapers and magazines that target African-Americans.

Have ads worded and designed that appeal to families. Skip the quick "clip art" ads that display flowers and doves. Show an actual caring face or a scene where you are embracing a family.

Place ads in the traditional yellow pages and Black Pages (directory found in most

(See *Regina*, Page 8)

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