

JAMES A. GRAASKAMP COLLECTION OF TEACHING MATERIALS

V. INDUSTRY SEMINARS AND SPEECHES - SHORT TERM

F. Miscellaneous Professional Associations

20. "Real Estate Investment in the 1980's",  
sponsored by the Apartment Trade Show, March  
27, 1981

1980 Apartment Trade Show  
Friday, March 27, 1981

REAL ESTATE INVESTMENT IN THE 1980's  
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- I. The future is determined by present trends, by and large, and therefore real estate in the 80's shouldn't contain a great many surprises, even though most of us tend to resist inevitable change and transition due to the bias of our current position, and a natural tendency to avoid or deny the relentless movement of change.
  - A. Tonight I have been asked to make some predictions about real estate investment in general and apartments in particular for the 1980's. To that end I propose to:
    1. Define major social trends and value systems in our general society.
    2. The major dilemmas facing our economic system.
    3. The major dilemmas facing real estate capital.
    4. Elements of a real estate investment strategy for the 80's.
  - B. All of us have attitudes about the future, but few of us arrive at those perceptions about the direction of our society systematically. There is an organization which does, however, using the minutia of news coverage much like a military intelligence network.
    1. The Trend Report prepared by Yenkelovich, Skelly and White monitors more than 206 major newspapers every day to measure how much space is provided different topics that newspapers track.
    2. We are basically a grass roots society and the cumulative impact of local events is more important than what's going on in Washington. Things start in Los Angeles, Milwaukee ect. --we are a bottoms-up-society.
    3. Newspapers are a closed system--the number of columns devoted to news does not change much. If something new is introduced into what is called the news hole, something must be omitted and editors who make this forced choice are pretty much in tune with the preoccupations of Americans or these subjects for which the majority are losing interest.
    4. Therefore, daily monitoring of the newspaper at the local level can provide a pattern of topics and issues and trends. In general, there are five states where most social invention occurs and the other forty-five typically follow. California is a key, Florida is second and the other trend setters are Washington, Colorado and Connecticut.
    5. For example, Connecticut and Washington are the only two states where women have been elected governor in their own right. However, the other three states have elected the new politician: Gramm, Lamm and Brown. The new politics has little to do with

liberal verses conservative classifications. Instead, it is concerned with choosing the appropriate level of political decision making, decentralization, fiscal conservatism, and a lot of experimentation.

6. Using The Trend Report, I would like to translate the ten major trends into significance for the apartment house investor.

II. Now, let's look at the 10 trends.

1. The United States is rapidly shifting from a mass industrial society to an information society, and the final impact will be more profound than the 19th Century shift from an agricultural to an industrial society.

In 1950--I want to talk about the percentage of the labor force in the various sectors--in 1950, 65 percent of people working in this country were the industrial sector. That figure today is around 30 percent. It's gone from 65 to 30 percent since 1950. (In 1900, at the turn of the century, it stood at 35 percent.) In 1950, the number of people in the information sector of society--formation occupations--was 17 percent--and now exceeds 50 percent. Now, for years we have been hearing that we are moving into a service society. Yet, the service sector (absent information occupations) has remained relatively flat--about 11 or 12 percent for decades. It is clear that the post-industrial society is going to be an information society.

One of the important things to notice about this shift is that the strategic resource in the industrial society was capital; the strategic resource in the post-industrial information society is knowledge and data (and that's not only renewable; it's self generating). That explains the explosion of entrepreneurial activity in the U.S. Because the strategic resource is now what is in our heads, access to the system is much easier. Not only will we see an impressive increase in the creation of new small firms, but if large institutions are to survive, they will restructure to encourage entrepreneurial activity within their institutions.

Now, the mass institutions that were created, that were consonant with the industrial society are now out of tune with the times. Just as in 1800 the fact that 90 percent of us in the labor force were farmers dictated

the societal arrangements of the day, the fact that most of us were in industrial occupations until recently dictated the arrangements of a mass industrial society--which are now out of tune with the new information society. Let me give you three examples. Labor unions. In 1950, with 65 percent of the work force in this country in the industrial sector, more than 30 percent of the workers in the country were members of unions. That's now 19 percent. There's no way that's going to do anything but continue to go down, as we move more and more into the information society. Network television. Network--notice I'm saying network, not television--network television started down last year, and it is on a long, slow, irreversible slide downward. I'll talk more about that later. Things like department stores and national chain stores which are in tune with the mass, industrial society have been yielding over the last decade and a half to things like boutiques. This phenomenon, the breaking up of the mass instrumentalities, you'll see everywhere.

Starting a year ago, the number one occupation in the United States became a clerk, replacing the laborer, and the farmer before that. Farmer, laborer, clerk: a brief history of the United States.

In connection with this shift to an information society it is important to notice a powerful anomaly developing: as we move into a more and more literacy-intensive society, our schools are giving us an increasingly inferior product. SAT scores (the test to qualify for college) have been going down each year for more than a decade. We all experience that our young people are not outstanding when it comes to writing and arithmetic. Consider this: for the first time in the history of the United States, the generation that is graduating from high school today is less skilled than its parents. For real estate we are moving toward automated assessments, centralized rental information groups, standardized EDP accounting systems, and public access to multiple listings. The management firms which succeed are those which process information best and the minicomputer will be in almost every

office by the end of the decade.

2. There is more decentralization than centralization taking place in America--for the first time in the nation's history: the power is shifting not only from the President to the Congress, but--less noticed from the Congress to the states and localities.

Trends move in different directions, at different speeds. They have different weights. About two or three years ago, the heft and feel of the movement toward decentralization became heavier than the heft and feel of those forces toward continued centralization. You remember, in the '50s and into the '60s (and beyond), we celebrated individual diversity. In the '60s we started to celebrate ethnic diversity. Polish is beautiful, as well as black is beautiful. We started to celebrate our ethnic restaurants, which of course had been there all the time. And we started to celebrate ethnic diversity. An extraordinary thing happened, by the way, in the late '60s. We gave up the myth of the melting pot. For years we had taught our children in fourth grade civics that America was a great melting pot, as if we were all put in a giant blender and homogenized into Americans. Now we have given up that myth and recognize that it is our ethnic diversity that has made us such a vital, creative country. Then a phenomenon of the 70's has been jurisdictional diversity, geographical diversity. We have no national urban policy today because a national urban policy that would be in tune with the time is the national urban policy that would respond to local initiatives. It is an inappropriate question to ask, Are we going to save our cities? That's an either/or formulation. It doesn't work in the new multiple option society. The point is, we'll save some of our cities; we will not save others. We'll save some of our cities a little bit; we'll save others a great deal. That's also why we're not getting a national health policy, because you can't do a top-down monolithic kind of policy anymore because of the tremendous diversity that's going on in the United States.

Now, where we feel centralization continuing most painfully is in government regulations, as we well know. And that's changing. That's really bending back. It was Republican, Nixon, who opened China. A Democrat never could have done that. And I think just so, the Democrats are the only ones who're going to be able to at least get the deregulation started, because Republicans would come under too much pressure. You know about the airlines, and you know about the trucking industry, which I thought would be the last to go. The watershed in this, I think, was in February of 1978, when the U.S. House of Representatives voted against a consumer protection agency. What was not, I think, sufficiently underlined at that time was that the first and second term Democrats--a very liberal bunch voted 43 to 37 against establishing that agency. More and more, we're going to see the political left and right meeting on this issue of being against big government and against government regulations. And that's part of a large power shift, too, that's going from the President to the Congress--and from the Congress to the states. Proposition 13, I think, has to be understood as having a lot more to do with the initiative trend, or the referendum trend, than it has to do with taxes. We are submitting to the political process questions we never submitted to the political process before. The watershed on that was Proposition 15 in California two years ago, when the citizens in California voted on whether or not to build a plant (a nuclear plant, but nevertheless, a plant). We had never submitted that kind of question to the political process before. Business got very involved in that because they had so much at stake. And in the process, they helped to legitimize this notion of submitting this kind of question to the political process. There is no end to it. Last November, more than 300 questions were voted on around the country. There have been many voted on where we can and cannot smoke. Five jurisdictions

last year voted on using or not using public funds for abortion. Two cities voted on South Africa. But if you know Davis, California, they vote on anything. Long Beach, California, voted on whether or not to have an oil tanker terminal, and, later, on the color of street lights. We never voted on those kinds of things before, but we're going to see more and more of this. It's part of this larger, "direct democracy." We'll be voting on a great range of new things.

Voting requires simplicity, but economics are complex. Our education system fails to teach economic reality and our universities produce a majority of graduates who are economic retards. Landlords, farmers, and banks will lose, to everyone's loss in the long run.

3. National political parties today exist in name only; issue politics and referendum politics are replacing party politics; new parties will be formed, but they will be local--not national.

Some of this was discussed under the previous trend. But to begin with, let me enlarge the context. It seems that in the United States, all the large, general purpose instrumentalities are folding. An early sign of this was the demise of Life and Look, huge-circulation, general purpose magazines eight years ago. That same year, 300 special purpose magazines were created, most of which are still being published. Four hundred or so were added to the following year, and so on. There are now more than 4,000 special interest magazines being published in the United States. This phenomenon is an analogue for what is going on in the U.S. Two years ago the National Association of Manufacturers and the United States Chamber of Commerce announced they were going to merge for all kinds of wonderful reasons, none of which was true. They were going to merge in order to survive. About a year ago they announced that they couldn't negotiate the merger, so now, presumably, they're going to die separately (except that the Chamber has lately become much more responsible to the grass roots, and that may save it). The American Medical Association, an umbrella organization, is getting weaker as the groups within it--the pediatricians, the surgeons, etc.--are getting stronger.

Last month two big labor unions, the meat cutters and the retail clerks, merged to form a huge union--for survival. It's the dinosaur effect: they get larger just before they go under.

*NAR - supermarket magazines called  
Madison  
Rentals*

These kinds of umbrella organizations are out of tune with the times, just as network television now is. Back to the magazine analogue, network television will lose ground to new options: cable, video disks, and new special-interest networks—a Spanish language network and an all-sports network are already underway.

The cross-over in politics came in 1976—a Presidential year—when the number of people contributing to special interest groups, like "Save the Dolphins," exceeded the number of people who contributed to the Democratic and Republican parties combined. That trend is continuing. The two great American political parties now exist in name only. We have a congress filled with independents. We may get some new political parties, but in tune with the decentralization of the country, they more likely will be local, new political parties.

The magazine analogue is also instructive in connection with leadership. It should not be surprising that the shelter industry has its own candidates. The welfare industry has theirs and the education industry has theirs.

4. The American society is moving in dual directions of high tech/high touch. The introduction of every new technology is accompanied by a compensatory human response—or the new technology is rejected.

With the introduction of television, for example has come the group therapy movement, which, in turn, has led to the personal growth movement and the human potential movement (watching TV <sup>a writer</sup> in bed with someone is, of course, very high tech/high touch).

Similarly, the high technology of the medical field (brain scanners and heart transplants) has led to a new interest in the family doctor and neighborhood clinics. A novel high tech/high touch example is citizen band (CB) radio: people using this technology to get in touch with another human being - anybody! And, moving closer to our offices, the high technology of word processing has initiated a revival of handwritten notes and letters. Jet airplane have led only to more meetings. A poignant example



of high touch/high tech is how the high technology of life-sustaining equipment in hospitals lead to a new concern for the quality of death (and to the hospice movement).

Whenever institutions introduce new technology to customers or employees, they should build in a high touch component; if they don't, people will try to create their own or reject the new technology. That may account, for example for the public's resistance to automation and electronic accounting.

The large apartment project of two-hundred to three-hundred units is losing touch with its tenants and suffering larger vacancy, more vandalism and less opportunity for rental increases than the smaller units where landlord and tenant know each other.

5. Ageism has replaced racism and sexism as the society's major antidiscrimination preoccupation. The recession of concern regarding racism and sexism will last for from five to ten years.

In the United States concern about racism started to recede about eight years ago and concern about sexism started to recede two years ago, There's sort of a tolerance box in the United States society--we can only handle so much concern, or so much information, or so much attention in connection with discrimination. And that box in the 1960's, was almost completely filled with concerns about racism. About eight years ago, concerns about racism in this society started to recede, and that box started to recede, and that box started to fill up with concerns about sexism. Two years ago concerns about sexism started to recede in this society. And that box quickly filled up about two-thirds with concerns about ageism. And I think that recession on concerns about sexism and racism will continue for four or five years, as we are more preoccupied with concerns about ageism. Part of the ageism concern, of course, led to the extending mandatory retirement 65 to 70. This next Congress, I'm pretty sure, is going to wipe that out. There's going to be no mandatory retirement in the United States, just as there is non in

the bellw<sup>er</sup>other states of California and Connecticut. At the same time, early retirement is a very strong and continuing trend. They're both there --multiple-option. Ralph Tyler used to say, "You can tell if you're being educated.. if your options are increasing." And the reverse if they're decreasing. And that's why he was concerned about specialization. In fact, there's new evidence that shows that your I.Q. actually goes down in the process of getting a Ph.D.

Business is wholly unprepared for a complete removal of mandatory retirement in the U.S. Many companies in the United States are already operating in a slow-growth mode. Some are even in a no-growth-mode. One of the biggest problems created in such circumstances is the slow down in promotions. When a company is growing very fast, with people being promoted all the time, the place practically runs itself. But how do you manage an institution where you can't promote people? Or where promotions comes very slowly. The inability to promote will encourage more small entrepreneurs, owning and managing rental properties.

Many different kinds of incentives are now being studied as a substitute for promotions, the principal traditional incentive for good performance. Sabbaticals are one possibility. For example, entire work forces could be given a tenth-year, or eighth-year sabbatical. However, there are more imaginative approaches, and I think the end of mandatory retirement will catalyze many rearrangements in our work force, One intriguing idea would treat a new occupation or career as an incentive. Consider a person who is, say 44 and a lawyer, but who would rather be a designer. The problem has always been that such a person can't afford, financially, to go back. There is the possibility, however, for the person to have a transitional period, during which he consults backward and apprentices forward, but staying at about his same salary.

It appears, therefore, that the end to mandatory retirement will bring with it many changes in the present arrangement of dividing life into separate periods of education, work and retirement. The question is, how do we, both as individuals and as a society, get out of the "three boxes of life" -an education box, a work box and a retirement box, which are more or less entirely unrelated. There are very few specialists looking at all three of these divisions and their relationship to one another. But I think the end of mandatory retirement and powerful economic reasons will force us to look at them. In 1945, 35 people were in that middle box for every one person on social security. Last year, the ratio was 3.2 to 1, a ten-fold change in 30 years. The amount of work relative to the population has shrunk so much that the people in the middle box are going to have to share their work with those in the other two boxes, the young and the old; and while they are sharing and not working, they have to have options to do other things. This market will prefer a condominium to an apartment, to stabilize housing costs, and generally prefers smaller quarters with prestige coming from travel, hobbies, education ect.

6. There are the beginnings of a job revolution in America  
basic restructuring of the work environment from top-down  
to bottom-up.

Whenever pressing economic trends converge with changing personal values, you get change in a society. That's why we can start to look for some revolutionary changes in the workplace. A whole new attitude toward American workers is on the way. And it could result in a revitalization of the spirit of work and America's sagging productivity.

Here's the situation: The productivity growth rate is on a dismal down-swing. It dropped an annual four percent in the first quarter of 1979; this year is expected to be the worst for productivity improvement in the nation's history.

At the same time, over the last two decades, personal values have been changing radically; there's a growing demand for more satisfaction from life. Workers feel it, too. Their psychic pain is reflected in their low productivity. They are sick of being treated like machines in the service of increased productivity. Workers refuse to produce and even deliberately sabotage the products they make.

They are no longer content with the traditional remedies offered up by labor unions, such as more pay, four-day weeks, better health benefits. What they really want, like everybody else, is deep human satisfaction from their work.

But industry had no compelling need to give it to them--until now. These dropping productivity figures will finally force industry, in economic desperation, to give more than token attention to the mental health of workers. The workplace is in for a good shaking up. And the American worker is about to be saved by one of the most unlikely forces in society--call it humanization, personal growth, "the human potential movement," participatory management, the values of the sixties. Call it whatever, it is about to converge with the economic necessity of the seventies and eighties to rescue the American worker from a deadened existence. For one thing, American industry is beginning to eye the way Japanese companies are run. Japan's productivity runs circles around ours. It takes Japanese workers 13 man-hours to build a car, compared with 30 man-hours for American workers.

It's often mistakenly thought that Japanese workers are so productive because they perform like robots, ever subservient to authority. The opposite is true. Unlike American workers, the Japanese are given enormous freedom to both plan and execute their work and solve problems alone without the help or interference from managers. The plants are run not from the "topdown" like ours where managers deliver orders, but from the "bottom up"

where workers make many crucial decisions. The whole theory is: given a chance, workers will be creative and self-motivated. Interestingly, the Japanese developed some of their management techniques from the theories of our own humanistic psychologists, such as the late Abraham Maslow.

When the Japanese use their techniques on American workers, the changes are astounding. The Japanese Matsushita Company several years ago took over a bankrupt Motorola plant near Chicago and began to produce Quasar TV sets. The company retained 1000 on-line workers but dismissed half of the 600 supervisors and managers. Within two years, production doubled and the reject rate of sets dropped from 60 percent to 4 percent. Moreover, through good quality control, the company reduced its annual warranty costs from \$14 million. Just think, too, of the countless consumers who were spared the frayed nerves of dealing with defective products. That alone is a monumental contribution to the nation's sanity.

Our workers are not stupid or lazy. They, like everybody else, want a change for more personal satisfaction. And they are about to get it--even if the trigger is such an eye-glazing event as lower productivity figures. Industry leaders may not understand such a trend as changing personal values, but they do understand dropping productivity.

7. Equal access to capital will be the new right issue, following earlier claims to equal access to education and health care.

During the 1950s and 1960s in the United States, equal access to education was demanded as a right. This was followed by demands for equal access to health care. Now a new equity issue is emerging: a push towards equal access to capital. This is manifested by what has happened to that phenomenon called red-lining. Within a relatively short period of time, this method of grading investment risks has gone from something considered to be a solid business practice to something that is now illegal in many parts of the country. In essence, the question comes down to this: why should you get money to by a

I can't get money to buy a house?

As to other areas of the economy, there have been hearings in Washington on whether or not the government should be involved in apportioning the increasingly limited capital pie - in deciding which companies should have access to capital. The question being posed here is: Why should your company get money when my company is not getting any? And in the area of consumer credit, more and more credit is being advanced as a right, by women, youth, and the poor.

8. Throughout the U.S. notions of "appropriate scale" are reshaping our physical and organizational environment.

Notions of appropriate scale ricocheted through this society as fast as I have seen anything move. It started four or five years ago with E.R. Schumacher's book "Small is Beautiful," which advocated intermediate technologies-e.g., technologies that can increase output without decreasing employment levels. For example, he saw that the use of big combines and chemicals in India to accelerate agricultural production knocked 99 out of every 100 farmers out of work. What the Indians needed, Schumacher concluded, was to increase their technology just a little bit ( an intermediate technology, a better plow), so that production would go up without reducing the work force. Notions of intermediate technology were soon broadened in this country to appropriate technology, and then, interestingly, to appropriate scale.

What is the appropriate scale of anything, let alone technology? What is the appropriate scale of government? To raise an army , it is surely federal; whereas for public welfare it may be neighborhood. As to appropriate scale for corporations, if the activity involves putting gas in an automobile it is the neighborhood service station; but if it involves exploration, appropriate scale becomes, by comparison, huge, like raising an army. In general, if corporations start from where people are, they are more likely to

be understood and to have their ideas accepted.

9. Issues of corporate governance--involving questions of leadership of American companies--will have an important impact on business in the 80's.

Corporate governance is going to be a big issue for business in the eighties. That'll be expressed at two levels. One level is on the composition of the Board of Directors, a lot of people pushing for a Board of Directors to be entirely comprised of independent directors with only the CHA being on the board, and he not be the chairman. And the other part of corporate government has to do with the way decisions are made inside a corporation. Without going into that, and until the question period, let me just say that those are going to be big issues in the '80s for business.

10. The most important trend in this century is the continuing shift of the United States from a representative democracy to a participatory democracy.

Let me tell you what I mean by the shift from a representative democracy to a participatory democracy. In a representative democracy, you elect someone for two, four or six years. And they go out and represent you. And then come back, and if you think they've done a good job, you reelect them. If not, you turn them out. Participatory democracy says, "Okay, we've elected you to represent us, but if anything comes up that impacts on our lives, you've got to check with us." That's participatory democracy. Consider the increasing political sophistication of your group, the recent fight on low income housing, the current fight on rental relations which pretends to be participatory while, in fact, providing nothing but obstruction to a free market and sense of fair play.

- III. Major dilemmas facing our economic system aside from trends noted previously related primarily to the inability of the democratic system to make necessary reallocations of wealth and timing of benefits.
- A. Other industrial groups such as the Japanese and Germans are investing far more of their Gross National Products in modernizing their production systems than we are with the result that Japan and Germany are able to compete with the best of our high-tech industry.
1. Capital to rebuild our industry will require more saving and a great reduction in consumer credit.
  2. Mortgage money for houses will be more expensive, down payments high, opportunity to buy furnishings reduced so that furnished apartments or semi-furnished will be more attractive.
  3. Forced to savings from taxes, controlled consumer credit, and higher interest rates incentives will reduce inflation, will reduce pie-in-the-sky expectations on resale price, and changes in the real estate tax law will require taxes on current productivity rather than non-vested expectations of appreciation.
- B. We are a capital shy society because modernization of our industry, energy transition, pollution control, rebuilding of cities, and heavy investment in education to equalize opportunities all require far more capital than we are saving. To force more savings means various groups are going to have to have less and participatory democracy makes that very difficult to achieve.
1. Decentralization makes it more difficult to arrive at a consensus.
  2. The democratic process can be used with the increasing degrees of sophistication to prevent change.
  3. Leaders at every level are amazed by the American fear of change from the status quo.
- C. The only regulatory system which has been working effectively has been price allocation by a free market but that is extremely regressive relative to the 40% of our society who are well below median income. That must invariably lead to more arbitrary rationing of capital and measures of capital efficiency to justify investment.
1. Price brings in to play participatory democracy since the know nothings and the have nothings lose they must replace the price system with a controlled system. The result is the low level class war represented by those who would implement a tenant relations board, or a public utilities advisory board, or any other similar instrument of obstruction and delay.
  2. The know nothings and the have nothings must avoid generating resistance from a large portion of the middle class including the small landlords so the political compromise will be to socialize the larger projects (high-tech) and leave the smaller operator of 24 units or less unregulated, assuming (high-touch) between management and tenant for the typical multi-option American solution. Many small managers of rentals and conversion of a larger project condominium is creating a terrific need for education for resource management.



- D. Resource development can be perfectly adequate if we can solve the crisis in management. We don't have a shortage of energy; we have a shortage of common sense on how we use energy that's a management problem.
1. Common sense in management first depends on politics and our legislative body have been become impotent.
  2. Management secondly requires leadership so that people will be willing to accept losses to their self interest in the short run to their benefit in the long run.
  3. Management presumes clearly recognized decision criteria beyond the short run profit, such as life cycle costing and social priorities - housing before gambling casinos, energy consumption versus wealth through density, subsidy of demand as well as of supply.
- IV. The traditional wealth transfer devices in real estate from savers to borrowers is over. (Story of the 4 25¢ pieces and financial leverage, tax leverage, profit center leverage, and resale leverage).
- A. In uncertain times Peter Drucker points out that traditional measures of profit are erroneous because they convert inflation increases in inventory replacement value to apparent profits. The real measure of productivity is cash and the safety of an enterprise depends on reducing its breakeven point and conserving its liquidity. That means that you must maintain lower debt to value ratios and shift more variable costs to the tenant as well as begin creating cash reserves for expected future needs.
1. Short term land contracts which anticipate lower interest rates in the future will lead to disaster.
  2. Interest rates will not fall so that rents will rise more than resale price if you expect to sell your property.
  3. The resale price will increase only if interest rates fall, net income rises, or investors reduce their expectations for rate of return.
  4. Cash returns in real estate cannot compete with cash returns in the money market but it would be a fraud for the saver to regulate money market funds out of existence.
  5. There will be two markets for real estate; the larger real estate projects will be owned by the major financing institutions while the larger residential rental property will eventually be owned by consumer coops; the small rental property will be bought and sold among small entrepreneurs. The elements that will contribute to this separation are:
    - a. Degree of exposure to political risk
      1. Level #1 - All manner of land use control law
      2. Level #2 - Vulnerability to political control of effective demand (tax deductions for second homes, alternation of public transportation subsidies, etc.)
      3. Level #3 - Political subsidy of competitive supply
    - b. Degree of "channelled demand"
      1. Identity of interest between user and investor
      2. Reciprocity
      3. Shortages
      4. Careful research of market segmentation

- c. Degree of management intensiveness
  - 1. Dependency on a unique personality or talent
  - 2. Dependency on high technology levels and skills
  - 3. Short-term, high turnover tendency tied to service rather than location
  - 4. Lack of product differentiation requires constant development of advertising differentiation
  
- d. Financial parameters
  - 1. Maximum cash for down payments
  - 2. Maximum cash for holding power
  - 3. Minimum time horizon for cash income
  - 4. Need for diversification
  - 5. Tolerance for risk
  
- e. Sequence of decision points
  - 1. Cost of aborting before closing
  - 2. Minimum cost escape route
  - 3. Liquidity through sale
  
- f. Income tax parameters and objectives
  - 1. Acquisition factors
  - 2. Operations
  - 3. Disposition
  - 4. Special benefits
  
- g. Estate planning considerations
  - 1. Accumulation
  - 2. Distribution and allocation
  - 3. Liquidity for estate taxes
  - 4. Structuring for administrative efficiency and safety