



Sigma Summaries

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Great People, Doing Great Things, For Great People

Are you aware that you are participating in a truly remarkable phenomenon that is not receiving much, if any, airtime from the media or other financial commentators? The phenomenon we are referring to is Goodness and ... **Goodness is spreading.**

It is really pretty extraordinary when you consider the daily headlines we read in the Wall Street Journal and the memories we have of scandals such as Enron and Worldcom. But, if we look past page one and we examine what corporate executives are really saying and actually doing it is really very encouraging.

What we have observed is a growing sense of responsibility by corporate executives to do what is right for their employees, shareholders and community. The very best companies have placed business ethics and social responsibility as cornerstones of good corporate policy. These companies lead by example and don't need to be scolded by the SEC or Elliott Spitzer to do what is right. They believe it is as important to support community rehabilitation programs actively recruiting and employing people

with disabilities, as it is to return profits to shareholders.

We believe over the long-term that ethical and socially responsible companies will be sought after by investors and will attain higher prices than those just focused on the bottom line. The good news from this statement is that we have scores of examples in your portfolios of companies who are providing industry leading results as well as industry leading corporate citizenship. And, we don't believe you have to sacrifice one for the other.

As we move into 2005, we will seek to invest in companies that deliver on both propositions. If you think about it, if a company is truly a leader and cares about the world we live in, it is only natural that they establish strong, local community programs both here and abroad in order to build long-term value. This foundation will help assure that the company is respected, not resented, in the local community and improve the prospect for growth.

What is the number one factor in determining whether a company is a

truly great company? Great people. The right leadership, the right executive team, the right board of directors makes all the difference. A superb book by Jim Collins titled, Good to Great illustrates time and time again that great companies with great CEO's have an unwavering resolve to do what must be done and possess a paradoxical mix of personal humility and professional will. Great CEO's are fanatically driven with an incurable need to produce sustained results. This also means looking in the mirror and confronting reality and taking full responsibility for the consequences. Great CEO's set the standard for building an enduring great company and will settle for nothing less. Great CEO's also channel ambition into the company, not themselves. They are not driven by ego or personal compensation; they are driven to make their companies the best they can be.

A quick quiz will likely make the point. Can you match the CEO with the appropriate company? Rich Templeton, Dave Farr, Jeff Joerres, Bill Stavropoulos and Art Collins. Companies to match: Manpower, Texas Instruments, Emerson,

Medtronic and Dow Chemical. Many Michiganians may recognize the Chairman and CEO of Dow Chemical. But, did you know that he has been CEO twice? Think about that. He is so well thought of by his employees, customers and investors that the board brought him back to be CEO again after a younger colleague didn't have the right stuff.

The leaders mentioned above possess the duality mentioned previously; personal humility and professional will. Every time these individuals speak to investors, they compliment their employees and the efforts they are making to improve their company. These individuals are welcomed on the plant floor, the company cafeterias and the shipping docks and seek candid conversation with anyone connected to the company about how to make their company better.

These CEO's also share a sense of responsibility toward environmental stewardship. They believe it is essential that they do their best to protect the natural environment, preserving the Earth's resources and meeting the expectations of their employees, customers and neighbors in the communities in which they operate.

One of the CEO's mentioned above made this comment about his company's environmental responsibility: "Our commitment to the environment begins with full compliance with the laws and regulations of each of the countries

in which we operate. But it does not end there. Our commitment goes far beyond regulation, through our pursuit of practices that eliminate or reduce the use and disposal of hazardous materials, minimize waste production, and conserve natural resources. From the floors of our factories to the design centers where we hone our products, environmental responsibility is a basic guiding principle in our efforts to improve our regulatory accountability, our efficiency and productivity, and our management process. We are constantly searching for new ways of incorporating environmentally responsible practices into our operations and making them essential tactics in our day-to-day business strategy."

Doing the right thing is important for any good company but doing the right thing over and over again is the difference between a great company and a mediocre company. Perseverance and discipline is critical for any company or organization that aspires to be great. Great companies develop a culture of disciplined thinking that permeates the entire organization. A culture of discipline is about hiring disciplined people who engage in disciplined thought and who then take disciplined action.

The pursuit of excellence is the other trait all great companies possess. It is an unwavering desire to be the best at what they do and not letting anything small or large get in the way of achieving greatness. Achieving

greatness is not about developing a cure for cancer or about solving a great mathematical mystery. It's all about becoming the best within a carefully selected area of expertise and then behaving with an attitude toward continual improvement.

Again, the good news from this observation is that Sigma clients own many great companies that are doing the right thing and pursuing excellence with discipline and purpose. However, the quest is never complete. Markets and companies are dynamic and therefore we must remain diligent each and every day to insure that we are investing in companies that will provide positive long-term returns and keep valuation as a center point for all investments.

A company that we don't own at Sigma but one that does possess all of these traits of greatness is a small organization in Birmingham, Michigan named Art For A Cause. The visionary and creator of this organization is Mrs. Lisa Knoppe-Reed. Mrs. Knoppe-Reed is fulfilling a dream come true everyday by bringing together students, artists and charitable causes.

Art For A Cause is a company with a mission to make a difference in our world through art. Art For A Cause brings together special needs students from various local schools; artists who like to express their skills and worthwhile causes as recipients of charitable funds. The magic of this combination really gets your heart pumping.

Students and artists work together to create “CuteTools”. These are functional kitchen and garden tools that are individually painted by artists like you and then sold to the public in order to raise charitable funds for great causes. The wonderful part of this collaboration is that everyone involved feels good knowing they were part of a profound project. Everyone is equal, every step of the project just as

important as the next. And as Lisa likes to say, “At Art For A Cause, when your team is feeling good, you can’t help but feel successful.”

Art For A Cause is a concept that we believe will be emulated by more individuals and organizations in years to come as great people are driven to do great things for great people. The business world needs more people like Lisa Knoppe-Reed

in order to keep it real and we believe we are witnessing the tip of the iceberg in this regard.

Enjoy the great people in your life and best wishes for a prosperous 2005.

Roger N. Steed
Chief Investment Officer

Art For a Cause is located at 2294 Cole Street, Birmingham, MI 48009 Phone: 248-645-3966

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Sigma Investment Counselors is pleased to provide a copy, and hereby offers to deliver the brochure to any client upon receipt of your written request.

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