HOLIDAY SALES

FORECASTS AND RESULTS

Background

I began forecasting in 1988.

Advantages: I am unbiased. I do not represent government or, more importantly, industry.

Disadvantages: I do not have access to high powered computer models and software. I do not have access to the true numbers, which most companies keep hidden.

Forecasting begins in August. Labor Day is the lead-in. Usually apparel does better for Labor Day than for Christmas.

Black Friday is the next big indicator.

(In 2000, during both Labor Day and Black Friday, stores were packed with customers and had terrific sales. However, for both days, there was deep discounting by retailers.)

Holiday sales - defined as the last two months of the year (November and December), represent 25% to 30% of total year retail sales. Since 1990, profits have declined about 10% per year, indicating deep discounting and increased competition for consumer dollars.

Variables in the forecast:

1. Consumer Confidence - direction and variability.
2. Same store sales for recent months - direction and variability.
3. Stock Market Performance - captures the wealth effect on spending - direction and volatility.
4. Other Economic Indicators - I pay little attention to housing and autos.
5. Consumer Debt - Interest rates, credit card debt, and bankruptcies have an impact.
6. Political Climate - Presidential politics are important (exception was the uncertainty of the 2000 election). Usually a new president brings optimism
7. International Climate - The public's perception of how foreign wars and foreign economic crises will impact the USA is what matters.
8. The Weather - The northern portions need cold, but not bitter cold, and no snowstorms. The other areas need no disturbances, earthquakes, floods, fires, etc.
9. The Day of the Week - When does 12/25 fall. The Saturday before Christmas is now the busiest day of the year, replacing Black Friday. This impacts the number of shopping days before Christmas.

10. What Sells? Hi-tech was great until 1999. PCs have now saturated the market, and discounting needs to be done to push these. The latest tech toys have not really cut it - DVDs, software, games, digital cameras (latter sales have been decent). Apparel staged a comeback in 2000.

11. Where? Regional differences. NE, Mid-Atlantic, West, Midwest, SE, SW.

12. Who? The deep discounters have done extremely well (Wal-Mart and K-mart). When the economy is strong, the specialty stores do well. The middle guys, the department stores like JC Penney, Sears, and Federated (Macy's), have not been doing as well. Consumers have shown that they are price conscious as well as quality conscious.

The Game - If retailers overestimated demand, by 12/15 or so, they slash prices to the bone to get rid of their inventory. If retailers underestimated demand, consumers get few discounts. In either event, those hard to get items, like the "in" toys, remain impossible to find, and are not discounted.

Note that 15% of all holiday sales are done during the week between 12/25 and 12/31. The amount of discounting that takes place during this period results from how overstocked retailers' shelves are.

The Web - In 2000, there was about $196 billion in holiday sales, in total. Web sales accounted for approximately $8 billion of this, or 4%. This was up from 3% in 1999. So, web sales continue to climb but still represent a minuscule amount of the total. Also web sales were disappointing, since e-tailers had expected an increase of 100%, and got about 30-40%. Also - e-tailers continue to experience problems with delivery (through no fault of UPS and Fed-Ex). Consumers should (a) stay with e-tailers with whom they are familiar, (b) stay with bricks and mortars who do business on the Web, and (c) continue to watch the security of their credit cards.

The Web tends to cut into paper catalogue sales, rather than mall sales. Most experts now have finally agreed that the mall experience is here to stay.

Returns - 12% of all web sales are returned versus 6% of paper catalogue sales and 3% of in-store sales. 50% of all web sales are made with companies whose primary business is from bricks and mortars.

2000 Results - Sales increased by about 2%. It was close to 7% in 1999. (these are "same store sales" for November and December).

The Discounters: Wal-Mart, Kmart, Target, Costco, Ames, Dollar General.
The Department Stores: Sears, J.C. Penney, Federated, May, Dillard's, Sak's, Neiman Marcus.
Apparel: Gap, Limited, TJX, Kohl's, Talbot's, Ann Taylor, Abercrombie and Fitch.
Miscellaneous: Spiegel, Pier 1 Imports.

2000 Winners: Kohl's, Gap, Wal-Mart. Apparel was the winner.
2000 Losers: Dillard's, Ames, Saks, Sears. Technology was the loser.

Forecast for 2001

1. Fact: Companies are cutting back significantly on inventory buildups, out of fear that the sagging economy will create surpluses.

Result: Retailers will sell out of much of their merchandise by the middle of December, creating shortages of popular items (the favorite toy will be hard to get). There will also be very little price slashing as we get closer to the holidays. Consumers should watch prices and shop early this year.

2. Fact: Consumers have continued to demonstrate that they want their goods. However, recent sales patterns indicate that consumers have become extremely price sensitive.

Result: Price is going to count in a big way. The deep discounters will do quite well, and everyone else will pay the price. Watch for good news from Walmart and Kmart.

3. Fact: The technology market is saturated. The rich and middle class already have multiple computers. The poor have been left out and this is not expected to change this year.

Fact: There has been very little innovation in high technology products. The 80s had the personal computer; the 90s had the Web; the 00s have nothing significant to date.

Result: Technology product sales will be extremely disappointing this year, and will not be able to save the day.

4. Fact: We are in an economic downturn (although technically not in a recession).

Result: Consumers are still materialistic, are still willing to use credit cards, but are in greater danger of bankruptcy.

5. Fact: Apparel did have a better than expected 2000 holiday season.

Result: Apparel will have a mediocre 2001 holiday season.

6. Fact: Fiscal policy has afforded taxpayers with a $300 tax rebate, and monetary policy continues to stimulate the economy by a series of interest rate reductions.

Result: The tax rebate's effect will wear off by the holidays, and will have little impact on sales. The interest rate reductions will have far more impact on corporate investment than on consumer purchases.

7. Fact: The Saturday before Christmas has replaced Black Friday as the biggest day of the year for retailers.

Result: The Saturday before Christmas will continue to surpass Black Friday as the biggest day of the year for retailers.

8. Fact: Sales on the Web have increased dramatically, both in total dollars and as a percentage of the total retail sales.

Result: Sales on the Web should begin to level off to about 4.5% of total sales. Since these account for such a relatively small percentage, the Web is not going to affect the bottom line for retailers in any big way.

9. Fact: When it comes to predicting holiday retail sales, there are no guarantees.

Result: There are many, many variables that are totally unpredictable. We have to hope that the weather holds up - no snow storms, no hurricanes, no earthquakes. We have to pray that there are no international crises - either political or economic. And we need to think about whether the big market football teams will be competing for playoff positions (people watching football are not out shopping).

Based upon all of the above, my prediction is that holiday retail sales for 2001 will increase by only:

ONE PERCENT!

The above report was prepared by Anthony L. Liuzzo, J.D., Ph.D., Professor of Business and Economics, Director of the Business Division, and Director of the MBA Program at Wilkes University in Wilkes Barre, Pennsylvania. No part of this report may be reprinted without the prior express permission of Dr. Liuzzo or of Wilkes University.

Contact Information:
Dr. Liuzzo may be reached at (570) 408-4709 or at liuzzo@wilkes.edu

STANDARD-SPEAKER
HAZLETON, PA
THURSDAY 24,000
NOV 22 2001

Local retailers hoping for big Black Friday

P235 FF

■ Despite a pessimistic opinion by a Wilkes University professor, Hazleton-area stores are optimistic that the Christmas shopping season will be a busy one.

FRONT PAGE

By ED CONRAD
edconrad@standardspeaker.com

Black Friday is traditionally one of the busiest shopping days of the year.

And, managers of the larger stores in the Hazleton area are optimistic it will continue despite national economic woes.

Not even a gloomy prospect for an unmerry Christmas retail season by a business and economics professor at Wilkes University is reason for pessimism.

"We're ready and waiting, and we expect a big day," said Ed Kelly, manager of Wal-Mart Supercenter along Airport Road.

In fact, he believes that customer spending Friday may be even better than last year because the price of gasoline and home heating oil are really way down when compared to a year ago.

Black Friday sales at Wal-Mart are scheduled to begin at 6 a.m. – meaning Kelly himself will show up at the store around 3 a.m.

He voiced a bit of concern about the weather, since the forecast earlier in the week had indicated the possibility of the

B See **RETAILERS**, page 20

Retailers

(Continued from page 1) B

first measurable snowfall of the season.

However, the forecast now calls for temperatures in the low 30s overnight tonight, with highs in the mid-40s during the day, then dropping to the low 30s Friday night.

No measurable snow is in the forecast.

Mark Watkins, manager of Value City in Church Hill Mall, wasn't concerned about the weather or the possibility of snow.

If the forecasters were calling for "3 feet of snow," he said, then he'd undoubtedly be concerned.

Watkins looks for a successful Black Friday and a continuation until the holidays conclude.

"I think it should be a good (Christmas) season," he noted.

Value City will open for business Black Friday at 6 a.m. and "everybody" on staff is scheduled to show up at 4:30 a.m., said Watkins.

At Kmart in Laurel Mall, optimism is also very high.

"We'll be opening at 5 a.m. and we're anticipating a good day," said Manager Bruce Harding.

He is confident the entire weekend will be busy because of the attractive, reduced prices on so many items in the store.

Harding anticipates a very busy weekend, then expects business will slow down for a little while until it begins heating up for the Christmas season.

At Boscov's Department Store in Laurel Mall, a very active retail day is anticipated.

"We're ready and will open at 7 o'clock for what we anticipate will be a traditionally good day," said Barbara Williams, media relations director.

"A lot of office people are off on Friday and they (the customers) will be there for the early-morning specials as well as the late-night specials. There will be a lot of specials, which is why Black Friday has always been one of our busiest days of the year."

A fly in the ointment has been the forecast of Dr. Anthony Liuzzo, professor of business and economics as well as director of the business division at Wilkes University in Wilkes-Barre.

"This will not be a very merry Christmas for retailers," he has somberly predicted. "It's pretty clear that a quick exit to the current recession is not in the forecast."

Liuzzo has been forecasting holiday retail sales since 1988 and bases his predictions on consumer confidence, store sales, stock market performance, consumer debt, political and international climates, and other variables.

His predictions have appeared in the *New York Times*, *Chicago Tribune* and *Christian Science Monitor*.

"In recent years, the consumer has been the impetus for a healthy economy," noted Liuzzo.

But this year, he said, unemployment is on the up escalator and it could even approach the 7-percent mark during early 2002. Even employees who hold jobs are uncertain about their future.

"The current recession, the result of a natural downturn exacerbated by Sept. 11, will end only when businesses are enticed to stimulate investment," said Liuzzo. "In short, unlike in recent years, it will not be a consumer-driven revival."

As consumer confidence continues to fall, he has predicted that holiday retail spending this year will amount to negative-2 percent when compared to that of a year ago.

SCRANTON TIMES
SCRANTON, PA
TUESDAY 43,976
NOV 27 2001

SOURCE: Dept. of Labor & Industry KRISTIN O'MALLEY / THE SCRANTON TIMES

Jobless Rate In Region On the Rise

FRONT PAGE

P2 25FF

BY FRAN CALPIN
THE SCRANTON TIMES

On the heels of a report confirming the nation is officially in a recession, one local economist is projecting Northeastern Pennsylvania's unemployment rate will continue to rise in coming months.

New figures released Monday by the state Department of Labor and Industry show the jobless rate in the Scranton/Wilkes-Barre/Hazleton area increased four-tenths of a percentage point in October to 5.8 percent.

That's up nearly a full percentage point from October 2000, when the unemployment rate stood at 4.9 percent, and matched August 2001's rate as the highest for the area since February 1999. A decade ago the unemployment rate here was 9.2 percent.

"I think it was a combination of what happened (on Sept. 11) and the fact that consumer confidence was lacking even before then," said state Labor Department analyst Scott Meckley.

Pennsylvania's unemployment rate also increased three-tenths of a point to 4.9 percent, lower than the national rate of 5.4 percent in October.

The unemployment data followed a report released earlier Monday by the National Bureau of Economic Research. It revealed the nation's economy is officially in recession, confirming what most economists believed to be the case.

An unemployment increase was expected because October was the first month to reflect negative economic fallout from the Sept. 11 terrorist attacks, which further eroded an already shaky economy.

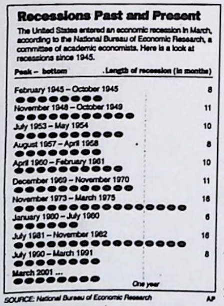
Anthony Liuzzo, Ph.D., an economics professor at Wilkes University, said the jobless rate could rise above 6 percent but much depends on how consumers behave as the war in Afghanistan unfolds.

"I've never personally seen an economy that is so dependent on what happens on the international scene," Dr. Liuzzo said.

The size of October's increase also took Dr. Liuzzo by surprise.

The local economy is still reeling from plant closings and layoffs in recent months that have put up to 3,000 people out of work.

Unadjusted unemployment rates for other counties include: Monroe, 5.3 percent; Wayne, 4.3 percent, and Pike, 3.5 percent. Unadjusted rates reflect actual data, while seasonally adjusted rates reflect labor market fluctuations caused by seasonal economic events.



SOURCE: National Bureau of Economic Research AP

Economists expect a short recession. Story, Page 25.

TRIBUNE
SCRANTON, PA
TUESDAY 30,213
NOV 27 2001

Burrelle's

FRONT PAGE

Area jobless rate continues climb

Plant closings, layoffs still impacting region's economy

Wilkes Univ.

By Fran Calpin
TRIBUNE STAFF WRITER P225FF

Unemployment statistics released by the state Department of Labor and Industry on Monday confirmed what most experts expected — that regional and state jobless rates increased last month as the national economy declined.

● IT'S OFFICIAL: Experts say the U.S. has been in a recession since March. B5

But the size of the increase surprised at least one local economics professor.

The seasonally adjusted unemployment rate for the Scranton/Wilkes-Barre/Hazleton area rose four-tenths of a percentage point in October to 5.8 percent, matching August's rate as the highest for the area since February 1999.

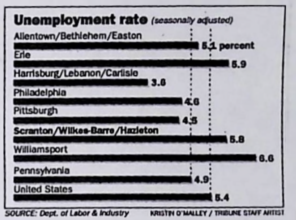
The October 2000 rate was 4.9 percent.

Pennsylvania's unemployment rate also increased three-tenths of a point to 4.19 percent, lower than the national rate of 5.4 percent in October.

The unemployment data came on the heels of a report released earlier Monday by the National Bureau of Economic Research. It

A

Please see Economy, Page A2



SOURCE: Dept. of Labor & Industry KRISTIN O'MALLEY / TRIBUNE STAFF ARTIST

ECONOMY: Size of jump comes as bit of a shock

FROM PAGE A1 A

revealed the nation's economy is officially in a recession, confirming what most economists believed to be the case.

An unemployment increase was expected because October was the first month to reflect negative economic fallout from the Sept. 11 terrorist attacks, which further eroded an already shaky economy.

"I think it was a combination of what happened (on Sept. 11) and the fact that consumer confidence was lacking even before then," state Labor Department analyst Scott Meckley said.

Still, the size of the increase took Wilkes University economics professor Anthony Liuzzo, Ph.D., by surprise.

"I expected it to increase, but I'm a little bit surprised that it went up that much. I was expecting something more like 5.6 or 5.7 percent," Dr. Liuzzo said.

The local economy is still reeling from plant closings and layoffs in recent months that have put up to 3,000 people out of work, according to the Northeastern Pennsylvania Alliance, formerly the Economic Development Council of Northeastern Pennsylvania.

The terrorist attacks were a blow to the national and local economy, Dr. Liuzzo said.

"I think regionally we're a fairly good indicator of how the national economy is going. Although unemployment rates have (historically) been a little bit higher here, we always move in generally the same direction as the nation," he said.

Next month's local figures are expected to rise above 6 percent, but much depends on how consumers behave as the war in Afghanistan unfolds.

"I've never personally seen an economy that is so dependent on what happens on the international scene," Dr. Liuzzo said.

The Scranton/Wilkes-Barre/Hazleton MSA includes Lackawanna, Luzerne, Columbia and Wyoming counties.

Unadjusted unemployment rates for other counties include: Monroe, 5.3 percent; Wayne, 4.3 percent, and Pike, 3.5 percent. Unadjusted rates reflect actual data, while seasonally adjusted rates, used in larger metropolitan areas, reflect labor market fluctuations caused by seasonal economic events.

From left areWilkes University's ECBSP conference coordinators: Dr. Anthony L. Liuzzo, Director of the Business Division and MBA Program at Wilkes University; Dr. Jeffrey R. Alves, President of the ECBSP and Director of the Allan P. Kirby Center for Free Enterprise and Entrepreneurship at Wilkes; Dr. Richard G. Raspen, Associate Professor of Business at Wilkes.

Wilkes hosts annual meeting

CV 12-14-01

Wilkes University's Business Division recently hosted the 10th annual meeting of the Eastern Council of Business Schools and Programs (ECBSP). ECBSP is the Region II affiliate of the Association of Collegiate Business Schools and Programs (ACBSP), the only business program accrediting body accredited by the Council of

Higher Education Accreditation. Approximately 45 business leaders and educators met to discuss the future requirements of management education and assessing educational outcomes.

SUNDAY TIMES
SCRANTON, PA
SUNDAY 83,851
DEC 30 2001

2001 Year in Review

Thousands lose jobs as region absorbs layoffs, plant closings

Economy Voted Top Local Story

BY JENNIFER L. HENN
AND RICH MATES
THE SUNDAY TIMES

Last year we climbed to an economic peak.

This year was all valley.

When it comes to picking the top local story of 2001, Times-Tribune readers and newsroom personnel are in agreement.

The recession taking its toll on the region, as thousands lost their jobs in a series of company shutdowns and cutbacks, is the top story on both lists.

In terms of sheer numbers, Northeastern Pennsylvania has not seen such an exodus of high-paying manufacturing jobs in many years. And what made the situation more unusual was the lack of foresight from all quarters. Many of the lost jobs were also recently created jobs. Some of the same companies that abruptly pulled up stakes had been talking about expansion only a few weeks earlier.

Starting with the news in March that Corning Inc. in Benton Township planned to lay off 252 workers and ending with word just before Christmas that Genalite Corp. of Jessup would close, putting 100 people out of work, business news was bleak at best in 2001.

In between, 225 workers at FiNet Technologies, 300 at Exide and 1,100 at Thomson Consumer Electronics, all in Dunmore, lost their jobs.

Thomson closed completely, moving its operations to Mexico. Then Corning Inc. closed its doors, too. The moves seem to be the straw that broke the telecommunications industry's back in Northeastern Pennsylvania.

Twelve months of mostly losses left four hulking manufacturing buildings vacant.

And the economic impact sent the seasonally adjusted unemployment rate for the Scranton/Wilkes-Barre/Hazleton metropolitan area soaring from 5.2 percent in July to 5.9 percent in August, its highest level in over two years, according to figures released by the state Department of Labor and Industry.

It's a rate nearly a full percentage point higher than the national average.

Many of this year's disappointments came on the heels of last year's good news. Early in 2000, Corning announced it would take over the Northrop Grumman plant in Benton Township and bring up to 2,500 good paying manufacturing jobs. FiNet announced plans to expand and hoped to add 600 new jobs to its payroll. And Cigna Health Care opened with plans to employ 1,100 people.

But 2001 has seen nearly 3,000 people out of work, according to the Northeastern Pennsylvania Alliance, formerly the Economic Development Council of Northeastern Pennsylvania.

A slumping national economy won't make recovery any easier. The Sept. 11 attacks were a blow to the national and local economy, Wilkes University economics professor Anthony Liuzzo, Ph.D., said.

"I think regionally we're a fairly good indicator of how the national economy is going," the professor said recently. "Although unemployment rates have (historically) been a little bit higher here, we always move in generally the same direction as the nation."

Through the clouds, there was some light. Most notably, when executives at CIGNA Health Care cut the red ribbon on the company's 189,000-square-foot customer service facility on Montage Mountain in November. Despite the dramatic slowdown in the national economy, CIGNA executives said the company's plan to bring 1,200 customer service jobs to Moosic in the next two years is still on track.

By the end of the year, the company hopes to have between 725 and 750 people working at the site.

RICHARDS IN SPACE

Readers and newsroom personnel diverged when it came to choosing the second most important story of 2001, with the readers picking Dunmore native Paul Richards spending 13 days in orbit as part of space shuttle Discovery crew.

Discovery launched from the Kennedy Space Center in Florida on March 8 with the job of carrying the second crew to the International space station and returning the first crew to Earth. There were also two space station construction spacewalks.

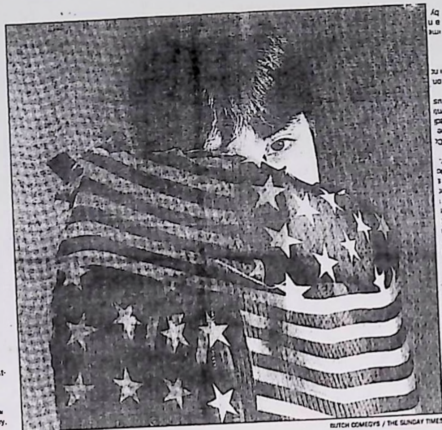
Mr. Richards, the flight engineer, and Andrew Thomas spent six hours working outside the space station March 13 during the second spacewalk. The two attached a cargo storage platform on the space station and also installed a spare cooling pump and a cable tray needed for the station's robot arm.

Mr. Richards used the space power tool he designed to complete the installation.

Discovery landed back in Florida on March 21 at 2:31 a.m. Dunmore honored Mr. Richards with a parade on May 27.

DOHERTY ELECTED MAYOR

For their second place story, the newsroom staff selected Democrat Chris Doherty defeating Republican Robert Bolus by more than a 2-1 margin in the Nov. 6 election to become Scranton's next mayor — marking the end of Mayor Jim Connors' 12-year reign.



BUTCH COMEGYS / THE SUNDAY TIMES

6-year-old Morsal Barakzai, formerly of Afghanistan, playfully hides her face with her scarf designed as the American flag at her Scranton apartment.

The real dogfight was in May, when each party had its primary election. In the Democratic primary, Mr. Doherty defeated former city councilman Gene Barrett and Mr. Connors.

Mr. Connors, a tireless campaigner who usually won by wide margins, only pulled some 20 percent of the votes for a third-place finish.

On the Republican side, Mr. Bolus defeated former Scranton police officer Bob Sheridan by 800 votes.

From the beginning, Mr. Bolus was dogged by questions about whether he could take office, if elected, because of a previous felony conviction. The courts said no. Mr. Bolus has legal action pending to overturn the conviction.

VIKARA GUILTY

Readers and newsroom personnel selected the same No. 3 story — a jury convicting Andrew J. Vikara of first-degree murder on Oct. 12 and sentencing him to death four days later for killing Kristy Grega.

Her murder was the top story of 2000.

Miss Grega, of Throop, was murdered around 8 a.m. on Aug. 27, 2000, while working alone in the kitchen at Wendy's Old Fashioned Hamburgers on the O'Neill Highway in Dunmore. She was an assistant manager. Her death came a day before she was to begin classes at Marywood University on a full scholarship.

Mr. Vikara, 37, used to work with Ms. Grega at the restaurant. His fingerprints were found on a box of doughnuts left in the restaurant's kitchen.

Mr. Vikara is seeking a new trial on grounds that he was denied a fair trial because a "conviction-prone, death-prone jury" was impaneled and members did not represent a cross section of the community. A hearing on the motion is scheduled for Feb. 25 in Lackawanna County Court.

JASON MILLER DIES

There was also agreement on story No. 4: actor and playwright Jason Miller, arguably Scranton's most famous resident, dying May 13 of a heart attack at age 62.

He was fatally stricken in a downtown pub.

His play, "That Championship Season," won a Pulitzer Prize; he directed the film version shot here in 1982. His first film role — Father Karras in "The Exorcist" — earned an Oscar nomination.

TIMES-TRIBUNE ARCHIVES

Thomson Consumer Electronics closed in August and 1,100 people lost their jobs.

MUNCHAK ENTERS HALL

The story that readers selected as No. 5 was No. 10 in the newsroom poll: former Scranton Central High School star Mike Munchak being inducted into the Pro Football Hall of Fame on Aug. 4.

Mr. Munchak, 41, a Penn State graduate and 12-season Houston Oilers offensive guard, became an assistant coach and moved with the Oilers to Tennessee, where they are now the Titans.

LANDFILL SETTLEMENT

In newsroom balloting, there was a tie for No. 5: The spaceflight/spacewalk of Paul Richards, and the state Department of Transportation agreeing Nov. 8 to pay the DeNaples family of Dunmore $40.9 million for Keystone Sanitary Landfill property and other land taken for the Casey Highway.

The PennDOT/DeNaples story did not appear among the readers' top 10 picks.

For No. 6, readers picked the Scranton mayoral race story.

9/11 REACTION

The readers' No. 7 choice was Northeastern Pennsylvanians' opening of their hearts and pocketbooks in the wake of the Sept. 11 terrorist attacks. Local relief efforts raised hundreds of thousands of dollars.

The newsroom staff ranked this No. 9.

HOTEL CASEY DOWN

The readers' No. 8 story was the demolition of the landmark Hotel Casey completed in May, and a new hotel and convention center rising on Lackawanna Avenue.

MURDER CHARGE / SECURITY

The final two stories on the readers' poll tied for No. 9: Former city police officer Michael Sarge charged with murder in the Jan. 15 shooting death of his wife, Jennifer, at their Scott Township home; and heightened security at Wilkes-Barre/Scranton International Airport and area government and military-related facilities in response to the Sept. 11 attacks. The latter included the arrest of a man who tried to board a Pittsburgh-bound flight with a loaded gun.

Those final two readers' picks for the year's Top 10 stories were not among the newsroom's Top 10.

For No. 8, news personnel picked a story that did not make the readers' top picks: The opening of the new $51.5 million Scranton High School on Sept. 5.

Some Economic Relief Expected in 2002

Local Experts Warn No Immediate Turnaround

BY FRAN CALPIN
THE SCRANTON TIMES

FRONT PAGE

P 2 3 5 P Y

When the clock struck midnight ending 2001, some of the people cheering the loudest may have been local business professionals glad to see a year marked by a severe economic recession finally come to an end.

INSIDE

● Unemployment dips slightly in region. **Page 3**

Will 2002 be any better?

Many area business owners and managers feel the new year may bring some type of economic relief nationally and in Northeastern Pennsylvania.

But don't expect an immediate turnaround, they say.

Like many economists, Wilkes University economics professor Tony Liuzzo, Ph.D., forecasts a slow start to 2002. But as things pick up in the rest of the country, Northeastern

Please see **RELIEF,** Page 4

A

KEVIN O'NEILL / THE SCRANTON TIMES

A

FROM PAGE 1

Pennsylvania will follow the trend.

"I'm guardedly optimistic (for the area). I think the worst has passed and I see us moving forward in 2002," he says.

Dr. Liuzzo sees the Scranton/Wilkes-Barre area's unemployment rate, currently at 5.7 percent, gradually declining slightly to 5.3 percent or 5.4 percent toward the end of the year.

However, Peter Danchak, president of PNC Bank in Scranton, believes there may be additional local layoffs that could cause the unemployment rate to jump to 6 percent before dropping to about 5.4 percent later in 2002.

Factors such as reduced energy prices and lower interest rates will increase consumer purchasing power as the year goes on. That means companies will want to build up inventories and hire workers.

"By early September or October, you could see people hiring people back and actually expanding," he said.

That will be good news for consumers and small business owners.

"When people move into new homes or improve their homes, they buy things like washers and dryers to go with them," said Guy Gillette, co-owner of Dunmore Appliance.

The slowing economy may actually have helped some businesses in certain ways.

Michelle Petraitis, owner of the Curiosity Shop gift store in Green Ridge, says her business was up about 10 percent for 2001 and the economic slowdown after the Sept. 11 terrorist attacks didn't have much of an impact.

"I think maybe instead of going out and spending $500 on clothes or something, people are buying smaller, more personal items and I think I fit into that niche," she said.

CIGNA Health Care will continue to increase its staff on Montage Mountain from 750 right now to around 1,100 by the end of 2002, said regional vice president Jim McVey.

Defense contractor Lockheed Martin will add 80 to 100 people to its Archbald manufacturing plant during the second quarter of the year, thanks to a new $80 million contract to produce laser-guided bomb kits for the Navy.

"I think it gives our plant not only some (immediate) growth but it will provide us with another new product to stabilize us for the future," said Dennis Beres, Ph.D., general manager of the local facility, which employs 565 people.

But other businesses may have a harder time coping in 2002.

Airlines, hotels and travel agencies suffered dramatic downturns after the Sept. 11 terrorist attacks and it remains to be seen when they will recover.

Kathy Rubino, sales director of Victoria Inns and Suites in Pittston, said the hotel's occupancy rate in 2001 was down about 3 percent from the previous year. The situation is similar to what's happening in the rest of the hotel industry.

"Our biggest concern right now is the corporate traveler. We're just not seeing them like we did before Sept. 11," she said.

Still, if more people take vacations by car this summer, rather than flying, the hotel will benefit because it's located just off Interstate 81, Ms. Rubino said.

DALLAS POST
DALLAS, PA
WEEKLY 3,000
DEC 27 2001

Burrelle's
INFORMATION SERVICES

84 8 ZX
.x2e.. 51 XX04..

Wilkes promotes Liuzzo

Wilkes University announced the appointment of Dr. Anthony L. Liuzzo as director of the Business Division and director of the MBA Program. Liuzzo will be responsible for the academic programs in the undergraduate business administration, accounting and MBA programs. Liuzzo has been in academia for close to 25 years and holds a law degree, MBA, and a Ph.D. in business. Liuzzo joined Wilkes University in 1990 and is a resident of Dallas.

Shopping : *Retailers are not predicting big gains*

Continued from Page H1

ent over the Thanksgiving
:end. Things like DVD players
CDs are hot right now
use more people are changing
· focus to home and family,"
said.
ris Buzzuro, manager of
e's Home Improvement Ware-
se in Dickson City, has noticed
e differences at his store.
eople are buying (more) tools
year. Saws, drills and any-
g cordless have been big sell-
' he said.
ychologist David Palmiter,
). isn't surprised that people's
pping patterns reflect more of
me-based theme this year.
Vhen a person is stressed out,
e is a tendency to hunker
n and kind of reorganize your-
around the most comfortable
settings. So, it kind of makes sense that people are investing in those types of things," he said.

This year, bargains are prevalent everywhere.

Most retailers are predicting sales to be flat or increase only one or two percent from last year's holiday sales.

That's a sharp contrast from the 3.9 percent increase in 2000 over 1999 and the 7.6 percent increase in 1999 from 1998.

Discounters like Kmart and Wal-Mart are expecting to do better than that as shoppers look for more practical items at lower prices.

"While people are showing some willingness to spend, they're being very price sensitive because there's a lot of bargains out there" said Tony Liuzzo, Ph.D., an economics professor at Wilkes University.

Dr. Liuzzo predicts retail sales nationwide to increase by about 1-1/2 to 2 percent over last year. The National Retail Federation is projecting an increase of 2.5 percent.

"Retailers aren't stocking as much inventory. Last year, the smart move was to wait until the end of the season but that's not the case this year. We're not going to see that type of inventory buildup as we come closer to the holidays," he said.

Clarks Summit resident Lisa Conrad agreed. "There's a lot of good sales out there right now, more than what you normally see early on," she said.

But economic conditions aren't as gloomy as they might seem, said Mark E. Pasquerilla, president and chief executive officer, of Crown American Corp., a Johnstown company which owns 26 shopping malls, including the Viewmont Mall in Dickson City and Wyoming Valley Mall in Wilkes-Barre Township.

Lower energy prices, progress in the war in Afghanistan and the fact that the holiday shopping season is one day longer than last year, may help boost retailers' bottom lines.

"I think everyone is cautious this Christmas. However, I think there are signs that it may be better than people think," he said.

But not everyone is making changes in their holiday shopping plans.

"I'm not doing anything differently than last year," said Scranton resident Lynn Sandy. I have (two) kids so I'm just out trying to buy what everyone wants."

SUNDAY TIMES
SCRANTON, PA
SUNDAY 83,851
DEC 2 2001
Burrelle's

THE BUILDING BLOCK FOR REGIONALIZING NORTHEASTERN PENNSYLVANIA

What's in store for retailers?

MICHAEL J. MULLEN • TIMES-SHAMROCK NEWSPAPERS

Angela Lynch of North Scranton carries her Christmas gifts after some Black Friday shopping at Kmart.

Mood of shoppers is different this yea and so is what they are buying

LINDA MORGAN • TIMES-SHAMROCK NEWSPAPERS

Sisters Meg Blinzler, left, of Buffalo, N.Y., and Kristin Hudspeth, of Waverly, check out shirts at the Mall at Steamtown.

BY FRAN CALPIN
TIMES-SHAMROCK NEWSPAPERS

For many consumers and retailers alike, holiday shopping this year is shaping up to be a different experience than it has been in the past.

The nation's economic recession, combined with more subdued moods of shoppers because of the war in Afghanistan and recent terrorist attacks, has created a different type of holiday spirit.

Just ask Judy Biglin.

"I think people want to be home more than they had in the past. They want to be closer to their friends and families because they know what's important and they appreciate it a lot more," the Peckville resident said as she shopped last week in the Hallmark card and gift shop in the Mall at Steamtown.

Ms. Biglin's comments seemed to characterize the mood of many Americans.

"There's no question, the focus on home and family is the big issue this year," said Scott Krugman, a spokesman for the National Retail Federation, a trade association in Washington, D.C.

INSIDE

How to stretch your Christmas dollars.
H2

Avoid getting over your head in debt.
H5

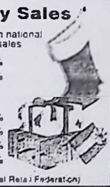
That attitude has affected the types of goods many consumers are buying.

"Of course, they're still buying the normal staples like clothes a toys. But retailers are telling us there's a lot mo emphasis on things for the home — anythi from video games, televisions and compact discs to home furnishir like lamps, pillows and decor tions. The way people are feeli is reflected in what they're bu ing for themselves and for o ers," he said.

Holiday Sales

Yearly gains in national retail holiday sales

1993: 6.2 %
1994: 7.9 %
1995: 3.6%
1996: 2.8%
1997: 4.1 %
1998: 5.8 %
1999: 7.6 %
2000: 3.9 %



(Source: National Retail Federation)

KEVIN O'NEILL / TIMES-SHAMROCK

Dawn Leckliknel, marketing director for the Mall at Steamtown also said she's seen some changes in buying habits this year.

"Electronics stores such as Suncoast and Software, Etc. had increases in the range of 30

Please see SHOPPING on Page H2

A favorable Black Friday

Experts see humbug of a shopping season

By M. PAUL JACKSON TL
michaelj@leader.net 11-24-01

WILKES-BARRE — Despite the packed stores and long lines, this year's holiday shopping season could be the worst in years, said retail experts.

A slowing economy, combined with the Sept. 11 attacks, could send fewer people into stores this year, said Anthony Liuzzo, professor of business and economics at Wilkes University.

The day after Thanksgiving traditionally begins the holiday shopping season, but this year, "I think consumers are hesitant," Liuzzo said. "I think there's a concern about their future."

Liuzzo said rising unemployment and a falling stock market — both partly caused by the September attacks — have made consumers less interested in shopping this year.

"I think we're looking at a holiday season that's probably as bad as it was in the past 10 years. That will translate into a rather dim

See EXPERTS, Page 10A

EXPERTS

Continued from Page 10A

Black Friday."

The comments come as consumers, eager for discount items, took to the region's mall and stores in droves Friday.

Ron and Geri Melovitz, both from Larksville, shopped for Christmas trees and ornaments in Boscov's Department Store in Wilkes Barre on Friday afternoon. The couple started their day at 6 a.m.

"It's just the excitement," Geri said. "I never used to do this."

The couple said they were not hampered by the slowing economy, but, according to one retail association, thousands of other consumers could be.

According to the National Retail Federation, a trade group, holiday sales figures could increase by 2.5 percent this year, lower than the 3.9 percent reported last year.

The retail prediction is "not as good as we have hoped under normal conditions," said Scott Krugman, federation spokesman. "But we'll take it."

Like Liuzzo, Krugman attributed the predicted decline to the falling economy and the terrorist attacks.

"Consumers have been basically cocooning since Sept.11," he said.

Faced with a drop-off in consumer spending that got worse after Sept. 11, retailers are doing whatever they can to jump-start the holiday season with expanded shopping hours and bigger discounts.

Malls across the country have tightened security to put consumers at ease about lingering in public places for fear of more terrorist attacks or anthrax scares.

For the first time, Kmart Corp.'s discount stores will be open 66 hours straight, from 5 a.m. Friday, until 11 p.m. Sunday. And Sears, Roebuck & Co. opened its doors at 6 a.m. Friday, an hour earlier than last year.

Wal-Mart Stores Inc., the world's largest retailer, is offering a number of early bird specials.

Despite the smaller economy, some retail outlets could do well this year, experts said.

Consumers could focus on discount stores such as Kmart and Wal-Mart this year, while avoiding other stores such as Sears, Liuzzo said.

"Prior to Sept. 11, we were doing a soft landing; after Sept. 11, we've been doing a hard landing," Liuzzo said of the country's economy.

> "I think consumers are hesitant. I think there's a concern about their future."
>
> **Anthony Liuzzo**
> Professor of business and economics at Wilkes University

And although consumers might be in the stores Friday, "when it comes to actually opening their wallets, they'll be a little hesitant," he said.

Retail tallies for businesses typically aren't complete until after the Christmas season, but some retailers were already expecting a slight drop-off from last year.

Boscov's manager Brian Cann said foot traffic had been steady during Friday's shopping period, but could not predict what the future would bring.

"You just don't know what the ripple effect from Sept. 11 still has. I think maybe there's some carry over from that."

M. Paul Jackson, a Times Leader staff writer, may be reached at 829-7134.

PRESS-ENTERPRISE
BLOOMSBURG, PA
SUNDAY 23,318
NOV 4 2001

Experts: Anti-terror law a risk to privacy

Expanded police powers won't go away

By LEON BOGDAN
Press Enterprise Writer

BLOOMSBURG — Allowing federal agents to secretly search homes and seize computer information in wartime threatens to erode privacy rights for all citizens in the long run, legal experts say.

"What is going to be allowed post-Sept. 11 events is very different than what would have been allowed before the attacks," said Anthony Liuzzo, a professor of business and economics at Wilkes University who also holds a law degree and teaches a course on privacy rights.

A local defense attorney says he also fears prosecutors may use broader wartime powers in common drug or white-collar crime investigations.

■ *Anthrax cases continue to baffle* Page 6

"Does it represent an unnecessary danger to civil liberties? Yes. This law is going to allow a lot of

Please see PRIVACY back page

Privacy

Continued from page 1

fishing expeditions because it's too broad and open-ended," attorney Michael Dennehy said of the new rules being adopted by the U.S. Justice Department.

"The whole purpose of the Fourth Amendment is to control government's ability to intrude in our lives. People will only complain when it happens to them. And in a country of 285 million people, the number of complaints will not be that high," Dennehy said.

Seen in history

Liuzzo said courts have historically sacrificed privacy rights and civil liberties in time of war.

He pointed to the internment of scores of Japanese-American citizens in camps set up in California and several western states during World War II as an example.

He sees recent terrorist attacks at home as tipping the balance between law enforcement and civil rights to the side of fewer civil liberties as police and federal agencies are given wider authority to conduct searches and seizures.

Liuzzo said broader search powers, once granted, will also be harder to remove once the war on terrorism dies down.

"It's a lot easier to expand power than it is to contract power," he said.

"Once the foreign issue is resolved, be it six months or a year from now or longer, at that point it's going to be a tough sell to make sure these powers are curtailed," he explained.

Dennehy agreed.

'No sunset'

The problem as Dennehy sees it is no time limit was placed by Congress on extending broader powers to exercise more police muscle in the future.

"It's something we needed a scalpel for, but instead of a scalpel we got a chainsaw," he said.

Congress should have placed some restrictions on enforcement to limit secret searches, or use of so-called "sneak-and-peek" warrants, to involve matters only of national security, terrorist groups or foreign agents, Dennehy believed.

"Wait and see the howl when it's used against some political activism groups, such as the anti-abortionists," he said.

Under existing federal rules before Sept. 11, for example, FBI or drug enforcement agents had to produce a copy of a warrant and receipt of all property seized at a private residence.

Now, the FBI or other authorities can enter a home secretly, look around and leave through the back door without telling anyone, Dennehy said.

"The problem is there's no sunset with this law. When things quiet down and the war ends, the law will remain. And any prosecutor worth his or her salt is going to take advantage of it," Dennehy said.

"This is going to apply to any government intrusion into your home or mine. It's real simple for someone to go into your house and search around, and you don't have to tell anybody you've been there," he noted.

Privacy threat

Also being broadened under new government rules is the legal authority to track Internet communications and e-mail.

But Dennehy said courts have already held that once someone goes on the Internet and begins "throwing e-mail into the ether," one's expectation of privacy is greatly reduced.

Liuzzo said employers already use company policies to monitor e-mail and phone calls in the workplace. And privacy issues are treated as less of a concern among workers.

"There is less privacy in the workplace today," Liuzzo said. "When one goes to work for a private employer, you leave your First Amendment rights at the doorstep."

Dennehy, who has fought to suppress evidence seized during illegal searches or with improperly obtained warrants, said legal issues will remain long after waging war on terrorists.

"I'm concerned about the potential for abuse and the risks carried by this law about privacy invasions," he said.

"At some point, some of these laws will end up being used as case precedent later in some drug case 10 years down the road where a 'sneak-and-peek' warrant is used by police to go into a home with some suspicion of a crime, but maybe not enough to get a warrant under the old rules," he said.

Time will tell

Liuzzo said it remains to be seen what privacy rights are chipped away or restored in the future.

"It's going to be a battle for civil libertarians and will probably depend on the level of abuse as perceived as a function of the times. What normally may be seen as abusive may be necessary by prosecutors and the courts now that was not acceptable months ago," he said.

"Safety and security need to be satisfied before what one thinks about freedom."

Leon Bogdan can be reached at 784-2121, ext. 1307, or by e-mail at leon.b@pe-online.com

STANDARD-SPEAKER
HAZLETON, PA
MONDAY 24,000
OCT 22 2001
Burrelle's
INFORMATION SERVICES
184 ZF
51 XX....

News from the Hazleton Area Public Library

Hours: Monday – Thursday
9 a.m. to 9 p.m.
Friday – 9 a.m. to 6 p.m.
Saturday – 9 a.m. to 5 p.m.
Sunday – Closed
Phone: 454-2961
Fax: 454-0630

INTERNET USAGE

HAPL offers Internet usage as follows:

Adults with acceptable identification (library card, photo identification, or driver's license) and children under the age of 18 with a library card may use the internet computer.

You may reserve terminal one up to two hours per week during library hours, with a minimum of two hours per session. Walk-ins are welcome, subject to the availability of the remaining terminals.

The library's Internet service is "specifically" for the cultural, informational, and educational needs of its patrons.

FAX SERVICE

The library offers fax service to individuals and businesses at its Reference Desk at moderate prices.

AUDIO AND VIDEO LOANS

HAPL has a fine collection of educational, self-help, how-to, and children's audio and videocassettes available for borrowing. Whether it is a favorite actor, or author reading a book, or an entertaining or enlightening video for viewing, any registered library patron may borrow two videos and two audio books per library card for a seven-day period.

DR. LIUZZO'S PROGRAM

On Oct. 29 at 7 p.m., HAPL will host Dr. Anthony L. Liuzzo's presentation of "Deception in Advertising."

Dr. Liuzzo is Professor of Business and Economics at Wilkes University. He also serves as director of the business division and director of the MBA Program.

Prior to joining Wilkes in 1990, Liuzzo earned his B.S. in marketing from Fordham University, his J.D. from St. John's University, his MBA in management from New York University, his M. Phil in economics from New York University, and his Ph.D. in business administration from New York University, and his Ph.D. in business administration from New York University.

Liuzzo has numerous publications and has presented to national audiences throughout the United States. He has been cited on thousands of occasions and in hundreds of publications, including the *New York Times*, *USA Today*, the *New York Daily News*, the *Philadelphia Daily News*, the *Chicago Tribune*, the *Washington Times*, and the *San Francisco Examiner* for his predictions on holiday retail sales, and other legal and business issues.

Liuzzo resides in Dallas with his family. His program will be "Deception in Advertising," during which he will explain what a deceptive ad is, and what a consumer can do about such. He will also explain some of the other regulations and laws pertaining to advertising, including advertisements using infomercials and celebrities.

Reservations are required, and may be made by phoning HAPL's Reference Desk at 454-2961.

HALLOWEEN HAPPEINGS

A few openings remain for a very special Halloween storytime for children in grades K-3 on Oct. 24 from 6:30 to 7:30 p.m. for Halloween stories, games and surprises. Please call the library at 454-2961 to register.

MEMORIAL BOOKS

Gas Stations Coast to Coast, in memory of Eugene C. Baran, Sr., from Jessie "Dozeskie" D'Amico.

Backyard Projects, in memory of Lewis C. Bott, from John and Denise Fendrick.

Ask Your Pharmacist, in memory of James A. Boyle, from Dr. and Mrs. Michael Washinsky and family.

Goldmine Roots of Rock Digest, in memory of Ray and Joanna Carbe, from Bill and Jamie Fox and family.

Guggenheim Museum Collection, in memory of Anastasia DeFazio, from Joseph Miorelli and Co., Inc.

Master Drawings from the Smith College Museum of Art, in memory of Anastasia DeFazio, from Cheryl Lagana and Jennifer Lagana.

Ten Poems to Change Your Life, in memory of Anastasia DeFazio, from Emil, Lori, Marisa, and Stephen Barna.

The Oxford Illustrated His-

tory of the Bible, in memory of Regina DePoalo, from Mr. and Mrs. Mark Charnigo.

Farther Than Any Man: The Rise and Fall of Captain James Cook, in memory of Jerry Duffy, from Mike and Barbara Christina.

The Sea Warriors, in memory of Edward J. Dulina, Sr., from B&B Auto and NLZ Body Shop.

From Day to Day, in memory of Mr. and Mrs. William Dull, from Jeanne M. Young.

Bollettieri's Tennis Handbook, in memory of Rosemary Genetti, from Dr. and Mrs. Jerry Matteo.

Bass Wisdom, in memory of Francis Golab, from Julia Forte.

Riffs and Choruses, in memory of Jerome Hill, from Mr. and Mrs. Andrew Piskel.

"Oh, Waiter! One Order of Crow!", in memory of Samuel A. Lockwood, Jr., from Mrs. Miriam Krebs.

Stahman's Shawls and Scarves, in memory of Theresa Lombardo, from Millie and Willy Poproc.

Brazen Virtue, in memory of Margaret Minnig, from Mr. and Mrs. Harold Gayman.

The Map That Changed the World, in memory of Stella L. Nestor, from Employees of Whitecap.

Michele Kwan, in memory of Janet Paladino, from Nancy, Dean, Dina and Julie Schlauch.

Every Heart Attack is Preventable, in memory of Dr. Richard Safko, from Rose Marie Bodnar.

The Complete Family Health Book, in memory of Martha Saras, from Elaine Schmidt and Marion Petrilla.

Healthy Child, Whole Child, in memory of Ruth Macuch Stratchko, from Michael and Susan Marsicano and family.

The Fastest Motorcycles on Earth, in memory of George Strizak, from the Hreha and Ondrey families.

Changing Stages, in memory of Ralph Thomas, from the MPB Community Players.

Rattling, Calling, and Decoying Whitetails, in memory of Robert Zullo, from Joyce Beerbower, president, Safety and Compliance Services, Inc.

STANDARD-SPEAKER
HAZLETON, PA
MONDAY 24,000
OCT 15 2001

News from the Hazleton Area Public Library

P225FF

Hours: Monday – Thursday 9 a.m. to 9 p.m.
Friday – 9 a.m. to 6 p.m.
Saturday – 9 a.m. to 5 p.m.
Sunday – Closed
Phone: 454-2961
Fax: 454-0630

HALLOWEEN HAPPENINGS

Registration begins today for a very special Halloween Storytime for grades K-3 on Oct. 24 from 6:30 to 7:30 p.m. for Halloween stories, games and surprises. Call the library at 454-2961 to register.

ADVERTISING DECEPTION PROGRAM

Dr. Anthony L. Liuzzo, professor of business and economics at Wilkes University, will be the guest speaker in HAPL's Community Room at 7 p.m. on Oct. 29. Reservations are required, and may be made by phoning HAPL's Reference Desk at 454-2961.

Dr. Liuzzo resides in Dallas with his family. His presentation will be on "Deception in Advertising" during which he will explain what a deceptive ad is, and what a consumer can do about it. He will also explain some of the other regulations and laws pertaining to advertising, including advertisements using celebrities and infomercials.

MEMORIAL BOOKS

Native Americans of the Northeast, in memory of Eugene C. Baran, Sr., from Bob and Carol Tunnessen.

Napoleon and Marie Louise, in memory of Natalie T. Bindas, from Myron and Carmella Diehl.

Behind the Scenes at the Hospital, in memory of James Boyle, from Dea and Wally Iffert.

I am Irish-American, in memory of James Boyle, from Dr. Jude and Molly Sidari and family.

Everything You Ever Wanted to Know About Art Materials, in memory of Anastasia DeFazio, from Joseph Fierro.

The Oxford Dictionary of Phrase and Fable, in memory of Anastasia DeFazio, form Mr. and Mrs. Louis Miorelli.

Building Moral Intelligence, in memory of Rose Defina, from Ed and Jo Stich.

What the Painter Sees, in memory of Rose Defina, from Mike and Barbara Christina.

Fine Motor Skills in Children with Down Syndrome, in memory of Regina DePoalo, from Joseph Benderavich, Jr. and Marguerite.

The Dog Listener, in memory of Elizabeth Dozeskie, from Mr. and Mrs. Willard Stone.

Around the Day, in memory of John Farley, from Mrs. Sims' A.M. 2000-01 Trinity Lutheran Preschool Class.

Chevy and GMC Truck Performance Handbook, in memory of Joseph Hale, from Rocco and Elaine Mussoline.

Labs Afield, in memory of Doris A. Hill, from Drew and Mary Ziegler.

Andrew Jackson and His Indian Wars, in memory of William Homa, from Matthew Fetchko.

A Cold Case, in memory of Leonard Kotsur, form Mr. and Mrs. James Bellezza, from Mr. and Mrs. Lewis Lomando and Corky Bellezza.

For the Love of a Dog, in memory of Margaret Minnig, from Cherie Minnig.

Trains, in memory of George T. Nemshick, from Trish and Jerry Ferdoucha.

How to Grill, in memory of Mary Ogorzalek, from Mike and Barbara Christina.

Navy SEALs, in memory of Raymond Rossi, from the Veglias.

Verdure: Simple Recipes in the Italian Style, in memory of Frank "Sonny" Sacco, from Anita and Jack Baldari.

Larry Bird, in memory of Barbara Searfoss, from Whitecap.

John and Caroline: Their Lives in Pictures, in memory of Tessie Sharp, from Bruce and Gina Peabody.

The Extreme Game, in memory of Drew Yannuzzi, form Laura Jacobs and Lori Nice.

Deer Hunting, in memory of Robert Zullo, from Flyer Tarone.

HONOR BOOK

Last Stands: A Journey through North America's Vanishing Ancient Rainforests, in honor of Joseph M. Kaminski (Birthday), from Joseph and Helen Kaminski.

TL 10-7-01

CORPORATE LADDER

HIRINGS/PROMOTIONS

Techneglas: Three employees have been promoted:

• Taras Mihalko of Wyoming has been named senior project engineer. He was a mechanical engineer.

He is now responsible for design and management of corporate engineering projects for the batch and furnace departments.

A three-year employee, Mihalko received a bachelor's degree in mechanical engineering from State University of New York at Binghamton. He is a registered professional engineer.

• John J. Kellett of Tunkhannock has been named supervisor of warehouse, shipping and service.

He is responsible for coordinating internal and external logistics of materials and finished products. An 11-year company veteran, he was an assistant supervisor.

He is pursuing a bachelor's degree in business through Keystone College's Weekender Program.

• Michelle Nyzio has been named quality-assurance supervisor.

She is responsible for continuous improvement programs within Techneglas' quality management system and customer satisfaction programs. She was a forming, selecting and product control supervisor.


Horton


Kellett


Liuzzo


Mihalko

ology fellowship at Lankenau Hospital and Medical Research Center in Wynnewood.

She is board-certified by the American Board of Internal Medicine in cardiovascular diseases and interventional cardiology and by the Certification Council of Nuclear Cardiology.

She is a fellow of the American College of Cardiology. She is a Moosic resident.

Penn State Hazleton: Darlene Gavenonis has been named continuing education training and education specialist for Columbia County.

She is responsible for planning, coordinating and implementing customized training programs to meet the needs of the Columbia County business community.

Gavenonis has 17 years experience. She was program coordinator for continuing education at LeMoyne College in Syracuse, N.Y., and assistant director of college outreach programs at King's College in Wilkes-Barre.

A graduate of King's College, gree in gerontology, Gavenonis is a Swoyersville resident.

Lion Brewery: Amy Sorber has been promoted to the position of public-relations and marketing coordinator. Sorber is obtaining a bachelor's degree of business in marketing and management from Penn State Wilkes-Barre. She will graduate in May 2002. She resides in Luzerne.

Wilkes University: Dr. Anthony L. Liuzzo as director of the business division and director of the Master of Business Administration Program.

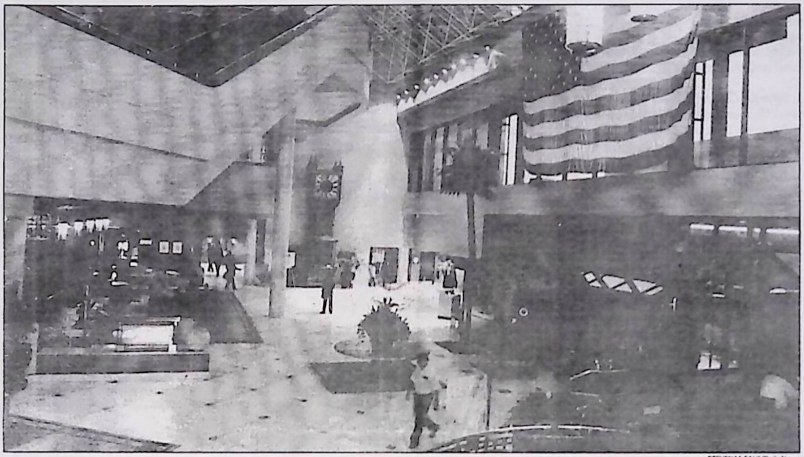
He is responsible for the academic programs in the undergraduate business administration, accounting and MBA programs.

Liuzzo has been in academia for close to 25 years and holds a law degree, MBA and a doctorate in business. He joined Wilkes University in 1990 and is a Dallas resident.

Hilton Scranton & Conference Center: Scranton native Dick Shelp has been named director of regional sales for the new hotel and conference center.

PHILADELPHIA DAILY NEWS
PHILADELPHIA, PA
THURSDAY 180,000
OCT 4 2001
MUTUAL PRESS CLIPPING SERVICE

ATTACK ON AMERICA



STEVEN M. FALK/Daily News

Lobby of Wyndham Franklin Plaza: Employees are making do with fewer tips and fewer hours in wake of Sept. 11 terrorist attacks.

Mixed forecast for local economy

Lower-rung workers hit hard; tourism officials optimistic

By RON GOLDWYN & JENICE ARMSTRONG

OUTSIDE THE Wyndham Franklin Plaza, a half-dozen glum-faced cabbies lined up, waiting for riders they hoped were heading to the airport.

Dream on.

"You never saw a line this time of day," said a frustrated Yury Bergr, a Ukranian-born driver, as he pointed to the slow-moving line. "Trust me, we are not lazy. We want to make money."

Inside, the atmosphere was equally gloomy. Employees already making do on fewer tips and fewer hours learned that Wyndham International planned about 1,600 job cuts.

"It's killing us," said Richard Cruz, a bellman who is now making about half of what he used to earn in tips.

In the wake of the Sept. 11 terror attacks, Philadelphia's economy is shuddering. National layoffs, which began in the airline industry, are rippling through hotel chains and travel agencies and spreading into retail.

Those with a view of the margins of the economy, where dishwashers, overnight mall cleaners, hotel housekeepers and small factory assemblers make their living, see a pre-attack slowdown deepening.

But the gloom is far from universal.

The tourism and hospitality honchos in Philadelphia are hustling to hold or increase business. In a time of airline chaos, they're scripting appeals to the "tank-of-gas" market.

Retailers, buoyed by shoppers like the one who bought three alligator bags from Pileggi Boutique in Center City on Saturday, are hopeful about the months ahead.

And confounding all those new-age Nostradamuses are the uncertainties of world events. One forecaster even has a scenario in which Osama bin Laden is good for business — by getting caught in time for the Christmas buying season.

"If the public perceives that we are successful militarily, if we capture bin Laden, if consumers' perceptions are that this going to have a good end, we're going to see some reassuring retail sales," said Anthony Liuzzo, a business professor at Wilkes University, in Wilkes-Barre, who for 12 years has issued an annual holiday shopping report.

Liuzzo has revised his Christmas forecast from a 1 percent increase over last year to break-even or a one point loss.

Holly Guthrie, a vice president in Janney Montgomery Scott's Philadelphia office, predicts a modest increase over last year.

"Business continues to strengthen," she said. "As each day passes, it gets a little bit better."

One thing in many stores' favor is that they haven't been going crazy stocking up merchandise in anticipation of a gangbuster Christmas, she said.

Retailers are waving the caution flag on hiring. Last year they offered signing bonuses in a tight labor market. This year they're swamped with applicants.

The Associated Press reports those who usually start recruiting by mid-September are delaying hiring commitments until they have a better idea of the consumer mindset.

Even United Parcel Service, which hired 90,000 workers for its peak season last year, doesn't know how many workers it will need, according to spokeswoman Paula Fulford.

The near future appears bleakest for those in the least glamorous jobs tied to tourism and transport.

"Obviously people on the margins of the economy are going to get hit the worst," said City Councilman James Kenney. "The guys who work in the back. The Mexican-Americans working in the

Continued on Next Page

Photos: YONG KIM/Daily News

Taxi driver Yury Berg, outside Wyndham Franklin Plaza, is frustrated by slow business.

ECONOMY

Continued from Preceding Page

Four cancellations in the wake of Sept. 11 sent shock waves, but convention official Sam Rogers said a quick recheck has confirmed "no cancellations" among 50-plus major meetings planned from now through the end of next year.

Mickey Rowley, executive director of the Greater Philadelphia Hotel Association, said "the impact for the month of September was huge." Occupancy rates that were supposed to be over 80 percent for the month "finished in the 50s."

The rate went from 95 percent the night before the terror attacks to 57 percent two nights later, then bottomed at 24 percent on Sept. 16, he said. Since then, occupancy rates have crept up into the 40 percent range.

While some hotels have quietly begun layoffs, he said, the impact has fallen on hourly wage earners, such as housekeepers, even if they've kept their jobs, because their hours have been cut.

"They felt the impact rather dramatically and immediately," he said.

At a 150-room hotel that lost a convention right after the attacks, he said, it probably meant 10 housekeepers lost 60 percent of their expected weekly wage.

The retail picture is mixed.

Traffic at Franklin Mills mall in Northeast Philly stalled after the attacks. But by the Saturday following the hijackings, mall officials said shopper traffic was up 2 percent.

Stores all over Philadelphia reported similar findings, saying that business is now slightly up.

"Immediately following the whole disaster, nobody was shopping," said Mark Baumgardner, co-owner of Pileggi Boutique at 7th and Walnut streets. "But it has picked up. It kind of started the middle of last week."

He theorized that people, including the customer who

Bellman Richard Cruz figures he's making half of what he used to in tips since attacks.

bought three alligator bags from him Saturday, try to find little pick-me-ups when they feel stressed or depressed.

Some area salons say business also has been good for them, too.

"They still want to look nice and presentable," said Keisha Anderson, owner of the We Did Dat salon in Southwest Philly. ★

Continued from Preceding Page

kitchen. The recent arrivals from Eastern Europe, the salad people, the chambermaids. When it's cutback time, it's last in, first out."

Regina, a housekeeper at the Wyndham Franklin Plaza, said she'd been keeping her heat off, even though the weather has gotten chilly.

"I don't turn the lights on before it gets dark," said Regina, who asked that her last name not be used. "I've been cutting back, trying to conserve."

The Rev. Thomas Betz, who directs the Archdiocese of Philadelphia's efforts for migrants and immigrants, said low-pay, low-skill jobs that immigrants often fill are becoming tougher to find.

"The job market's going to be tight for a while and Sept. 11 increased that reality," he said. "Yes, I do think there's going to be a great deal of suffering at the bottom."

The hotel industry, especially in Center City and near the airport, has gotten walloped. But that could be turning around.

A high-powered committee of hospitality, tourism and transport officials that formed the day after the terror attacks is working on a plan to rev up business for the city.

Mayor Street has jump-started the effort with $3 million that the task force will use for marketing and advertising.

"Philadelphia is accessible, we're affordable, we're incredible," said Meryl Levitz, head of the Greater Philadelphia Tourism Marketing Corp., who's spearheading the effort.

The focus, she said, will be the one-quarter of the U.S. population that lives within a five-hour drive. One theme will be patriotism, she said, "reconnecting with America" though the city's icons of liberty.

"When the economy is not so good the leisure market rediscovers Philadelphia," she said. "It's a discovery destination."

Said Tom Muldoon, president of the Philadelphia Convention and Visitors Bureau: "The best place to fish right now is in your own pond."

The hospitality committee, which met yesterday at Muldoon's office, is working to steady the convention business.

See **ECONOMY** *Next Page*

recruitment & RETENTION in higher education

October 2001 | Vol. 15 No. 10

Different Factors Impact Adult Success in Accelerated and Traditional Programs

One size does not fit all adult students, according to a newly released research report. Adults who thrive in an accelerated curriculum are different from those who succeed in a traditional four-year program, the authors say.

"Learning in the Fast Lane: Adult Learners' Persistence and Success in Accelerated College Programs," conducted by the Center for the Study of Accelerated Learning at Regis University in Colorado, reports that both learner types benefit from significant prior college experience. However, factors like employer reimbursement, income, ethnicity, and motivation appear to influence accelerated and traditional learners differently.

The study tracked adult students who began accelerated study at Regis' School of Professional Studies and traditional study at the University of Missouri-Kansas City in fall 2000. In addition, the researchers examined the six-year outcomes of students who began study at both schools in fall 1993.

Outcomes

Analysis of the 1993 cohort suggests both program types have roughly the same long-term success:

Although Regis students had a higher three-year graduation rate—not surprising, given the accelerated format—researchers found no significant difference in six-year rates (37 percent at Regis, 32 percent at UMKC). And although Regis students earned a higher average GPA (3.46 vs. 2.99), six-year dropout rates were similar (60 percent at Regis, 64 percent at UMKC).

Despite finding similarities in outcome, researchers also found that a smaller proportion of Regis students (16 percent) left within the first academic year than UMKC students (25 percent). But taking into account the similar six-year dropout rates, the study suggests accelerated programs lose students through a "slow leak" rather than a large, early exodus.

Persistence Factors

High grades, previous college experience, and financial aid helped persistence at both schools, the report states.

➤ *continued on page 2*

Economy Hasn't Hurt Application Numbers, Private Schools Say

Despite the perception that smaller, private colleges and universities are pricier than other institutions, a slowing economy hasn't kept students from applying, administrators say. Several private schools report exceeding their 2001-2002 admissions goals, with some colleges reporting record enrollments and others wondering how to accommodate the growing interest in their campuses.

"It's been like we sent out invitations for a big wedding, and everyone decided to come," said Chris Markle, director of admissions at Pennsylvania's Susquehanna University.

The university began the new academic year with a record 616 new students, 87 more than the school's goal. The record class swelled Susquehanna's total enrollment to 1,800, achieving its planned core growth two years ahead of schedule.

"It's the result of an excellent yield on offers of admission," Markle said. "While the number of students accepted declined slightly from last year, more of those who were accepted said yes."

Anthony Liuzzo, business and economics professor at Wilkes University in Pennsylvania, said that instead of steering students away from private schools, economic downturns generally increase enrollment at many types of institutions.

"Economic slowdowns are great times to continue your education," he said.

➤ *continued on page 3*

In This Issue

▼ **Economy** *from page 1*

Lebanon Valley College in Pennsylvania also opened with a record enrollment at 1,525 students, including 470 freshmen, the largest class in its 134-year history. The growth has prompted administrators there to discuss expanding the school's current goal of 1,600 students by 2005 to 1,800 students.

Texas Christian University enrolled a record 1,515 freshmen, but took "essentially nobody" from a waitlist of 200 applicants, said Ray Brown, TCU dean of admissions.

Among other private institutions this year:

- Roger Williams University in Rhode Island enrolled 1,200 new students—a 154 percent increase from the 1996-1997 incoming class.
- Roanoke College in Virginia reports records for both its opening enrollment (1,800 students) and freshman class (501 students).
- Hope College in Michigan reports a record 769 freshmen and expects to surpass 3,000 in total enrollment.
- Wartburg College in Iowa has attracted record enrollments in each of the past five years and anticipates it has hit a new mark this year with 1,345 students.

However, practical considerations kept other private schools from expanding enrollment further.

Washington and Jefferson College in Pennsylvania reports it kept growth to a minimum because of limited residence hall space and exceed its goal for the incoming class by just two students. Officials reported a better yield than last year but don't plan on large enrollment increases until a planned housing complex can accommodate them.

A record number of first-year students, 960, attend the University of Denver. However, officials there avoided a large enrollment jump to avoid the housing crunch it experienced last year, when 50 more new students than expected arrived and UD officials rented hotel space to accommodate them.

Wartburg College responded to steady enrollment growth by creating several three-person rooms in a first-year residence hall. However, rather than squeezing three students into a room meant to accommodate two, officials converted space into larger, permanent three-person rooms that house new, more space-efficient furniture.

As a result of space crunches, more prospective students are "shopping early to avoid the rush," Susquehanna's Markle said. "There are more students coming out of high school and considering early decision at their first-choice schools," he said. "They're visiting earlier and starting the college search process in the spring of their junior year, if not earlier."

Accepted students also are sending in residence hall deposits earlier, he said.

"As we continue to grow and stay hot, the word is out that depositing earlier is a good move." ✓

The Economy's Impact on Professional Schools

The changing economy appears to impact types of professional programs differently, according to recent statistics.

Applications to American medical schools declined for the fourth consecutive year in 2000, according to a report in the Journal of the American Medical Association, and based on estimates from the Association of American Medical colleges, the report's author expects a similar decline this year.

Changes in the health care system, including increased paperwork, and greater anxiety about student loan debt in the light of economic changes may be behind the decrease, said Barbara Barzansky.

However, in the late 1990's, many medical schools attributed decreasing applications to a strong economy presenting other career options.

More than 37,000 students applied to medical schools for fall 2000, including more than 17,000 women and more than 4,200 minority students. However, the total represents a 3.7 percent drop from fall 1999.

In contrast, the number of students applying or preparing to apply to law school is increasing. Almost 24,000 people completed the LSAT in June 2001, almost 19 percent more than the number taking the exam in June 2000, according to the Law School Admissions Council.

Law school applications for fall 2001 rose 5.6 percent over applications for fall 2000. At 79,000 applicants, this year's pool was the largest seen since 1995, when more than 84,000 people applied.

The largest increases in LSAT-prep courses have occurred in San Francisco, Boston, New York, Austin, and Washington, D.C.—cities that felt the dot-com downturn most sharply—indicating that people who worked in or aimed to work in the "new economy" are choosing other career paths.

When the Internet economy was strong, between 1991 and 1998, the numbers applying to law school fell from 99,327 to 71,726, the LSAC reported.

Stepping Out on Madden

President resigns from shoe design firm

By Tami Luhby
STAFF WRITER

Steven Madden Ltd. is losing yet another veteran executive.

The trendy shoe design firm, still coping with its founder's guilty plea to federal securities fraud charges in May, announced yesterday that president Rhonda Brown has resigned.

Richard Olicker, who in January joined the Long Island City company as chief operating officer, will assume Brown's role while retaining his current position. Before joining Steven Madden, he co-founded and spent more than 12 years at Aerogroup International, maker of Aerosoles footwear.

Also yesterday, Steven Madden Ltd. said in a news release that it would fall far short of fourth-quarter earnings estimates due to the "exceptionally challenging retail environment." Instead of an anticipated 39 cents, earnings will range between 20 and 23 cents.

Despite the turbulent economy that has left many retailers scrambling to boost sales, Steven Madden had bucked the trend until now. But with fears of a recession and the World Trade Center attacks keeping consumers out of the stores, department stores have canceled orders, and several retailers have issued earnings warnings recently.

Company officials declined to comment. Investors pushed Steven Madden's share price up yesterday 11 cents to $9.12 on a day when the market soared.

Industry experts voiced mixed views on the management changes. Brown was instrumental in building the company but has focused more on special projects such as online sales in the past year or two, said Jessica Schmidt, associate analyst at First Union Securities in Baltimore.

Since fashion is such a volatile industry, Steven Madden should be able to weather the personnel changes, said Suzanne Baldaia, associate professor of retailing at Johnson & Wales University in Providence.

Brown joined as chief operating officer in 1996 and was promoted to president in February 2000. But in the management shake-up preceding company founder Steve Madden's guilty plea, the company brought in outsider Jamieson Karson to replace Madden as chief executive on July 1.

Also serving in a new role is Rachelle Watts, who in May was named design director for the firm's signature women's line. Executive chairman Charles Koppelman, who took over the position when Madden was indicted in June 2000, becomes one of the firm's elder statesmen. Arvind Dharia has served as Steven Madden's chief financial officer since October 1992.

Brown is headed to rival Nine West, sources said. A Nine West spokeswoman did not return calls seeking comment.

These many changes can put stress on a company, particularly during tough retail times, said Anthony Liuzzo, a business professor at Wilkes University in Wilkes-Barre, Pa.

"Uncertainty creates even more uncertainty," he said. "One key here is communication between the new upper management and the people in the trenches."

Madden is to be sentenced in the Southern and Eastern districts of New York on Oct. 10 and Oct. 12, respectively.

Rhonda Brown, president of Steven Madden Ltd. shoe company since February 2000, is reportedly headed to rival Nine West.

Newsday File Photo / Jim Peppler

NEWSDAY (NASSAU EDITION)
LONG ISLAND, NY
TUESDAY 463,406
SEP 25 2001
Burrelle's
5633

INVESTOR'S BUSINESS
DAILY
LOS ANGELES, CA
THURSDAY 256,000
SEP 20 2001

IBD's 10 Secrets To Success

Investor's Business Daily has spent years analyzing leaders and successful people in all walks of life. Most have 10 traits that, when combined, can turn dreams into reality. Each day, we highlight one.

1. **HOW YOU THINK IS EVERYTHING:** Always be positive. Think success, not failure. Beware of a negative environment.
2. **DECIDE UPON YOUR TRUE DREAMS AND GOALS:** Write down your specific goals and develop a plan to reach them.
3. **TAKE ACTION:** Goals are nothing without action. Don't be afraid to get started now. Just do it.
4. **NEVER STOP LEARNING:** Go back to school or read books. Get training and acquire skills.
5. **BE PERSISTENT AND WORK HARD:** Success is a marathon, not a sprint. Never give up.
6. **LEARN TO ANALYZE DETAILS:** Get all the facts, all the input. Learn from your mistakes.
7. **FOCUS YOUR TIME AND MONEY:** Don't let other people or things distract you.
8. **DON'T BE AFRAID TO INNOVATE; BE DIFFERENT:** Following the herd is a sure way to mediocrity.
9. **DEAL AND COMMUNICATE WITH PEOPLE EFFECTIVELY:** No person is an island. Learn to understand and motivate others.
10. **BE HONEST AND DEPENDABLE; TAKE RESPONSIBILITY:** Otherwise, Numbers 1-9 won't matter.

7. Making The Most Of Campus Cash

203NW

It takes a lot of financial bricklaying just to get to college. But that's only a start. Once students have paid for their classes, books and lodging, they still need to focus their funds on a day-to-day basis to avoid having a whale-sized debt after graduation.

The Sept. 5 installment of this column featured time-focusing strategies for students. Here, the series continues with a few ways students can focus their money.

Second of two parts

According to a recent study conducted by credit card company First USA, a subsidiary of Bank One Corp., 63% of more than 400 college-bound students surveyed said they'd like to use their money responsibly in the coming years.

Follow these hints:

■ **Find a part-time job.** "For most students, working 10 to 12 hours a week is a positive addition to their schedules. Instead of being a detriment, it forces students to budget their time better," said Helen Nunn, director of financial aid at Susquehanna University in Selinsgrove, Pa., in a recent interview. "All of the research suggests students with part-time jobs get better grades than those who don't work."

■ **Be an enlightened credit-card carrier.** As soon as you step on campus, you will likely be flooded with offers to sign up for credit cards. Be smart, says Tony Liuzzo, professor of business and economics at Wilkes University in Wilkes-Barre, Pa.

"Know your cards' interest rates, surcharges and late fees," he said recently. "Do not think that you are getting their services for free just because you do not pay an annual fee."

Credit cards are useful in case of an emergency, but you only need one. "Twenty-year-olds don't need six or seven cards," Liuzzo said. "If you must have a credit card, stick to major companies that are accepted everywhere. Do not have a separate card for each department and specialty store."

The rest is simple: Don't buy things you can't afford just because you have a credit card, Liuzzo says, and be sure to pay off the balance — or at least more than the minimum payment — each month.

■ **Save the change.** "Start saving that change from those late-night pizza deliveries and see how fast your $2 turns into $100 when you deposit it into a savings account," wrote Chris Barrett and Luke McCabe, student "spokesguys" for First USA, in an article featured on the Web site, www.chrisandluke.com.

■ **Travel with savvy.** "Be your own travel agent," said Barrett, who goes to Pepperdine University, and McCabe, who attends the University of Southern California.

"If you are within driving distance from home, check postings at the student union for sharing rides. If you plan to fly home to visit family and friends, start looking for special fares early by adding your name to airline e-mail distribution lists."

■ **Invest birthday and Christmas gifts.** If Grandma puts a check in your stocking, don't blow it. "It's never too early to start investing," Barrett and McCabe said. "Plus, this is a great way to save for spring break."

■ **Cut down on everyday splurges.** "Read the newspaper and your favorite magazines in the library instead of purchasing your own copies," said Ellen Braitman, a financial journalist and author of "Dollars & Sense for College Students."

"Make coffee at home instead of buying it from a cafe. Get yourself one of those portable coffee mugs and carry it to class with you."

■ **Don't shop at the campus store.** It's a lot like shopping in an airport, Braitman says. "You're basically a captive audience and can be forced to pay big bucks for a simple purchase like a toothbrush." Instead, Braitman advises, get together with friends and go shopping for toiletries and other goods at discount or wholesale stores.

By Amy Alexander

Fear, anger, sadness overwhelm Valley

How one tragic day has shaped us all

TL 9-19-01

We can't help but feel ripples from last week's terrorism.

As the planes crashed and towers crumbled, fear, grief and anger washed over the nation — and the world.

Our valley wasn't spared.

Have you been talking about someone who had a brush with the terrorism? Did your neighbor flee from his job in Manhattan as planes struck the World Trade Center? Have you changed plans because of the attacks?

People across the area continue to talk about how they've been affected. Yes, some are mere inconveniences in the wake of the death and suffering. But we sought out stories Tuesday to show how lives in the valley have been changed.

Anthony Liuzzo grew up in the Bronx. He went to college across the street from the World Trade

See EMOTIONS, Page 12A

EMOTIONS

Continued from Page 1A

Center. When the towers fell, he worried about the safety of family still in the city — it took 30 hours to find out a firefighter cousin-in-law was OK.

"This has struck pretty hard," said Liuzzo, a Wilkes University professor of business and economics. "I have a couple of cousins that were hit by the debris. Fortunately, no one was hurt seriously.

"I was in the World Trade Center several times a week," Liuzzo said, while he was at New York University. "It was truly a city in itself. It had its own charisma, its own character. ... When I received my fellowship from New York University, they took me to lunch at the top."

The threat to family and destruction of a building so full of personal memories changed Liuzzo in concrete and intangible ways.

He estimated how many of his students during the years — in New York and at Wilkes — had Manhattan relatives *they* worried about. He estimates about 5,000.

"It brings tears to my eyes."

The school's business and accounting club scratched a trip to the towers.

"There are just going to be so many things like that."

He fights a new fear of visiting such landmarks, but knows trips to New York will — someday — become routine again.

How has it altered him?

"The short answer is, I know it has changed my life, but I don't know if I can articulate exactly how. It was so horrific that I can't even find the words to express it."

— *Mark Guydish*

WILKES-BARRE, PA www.timesleader.com SERVING THE PUBLIC TRUST SINCE 1881 SUNDAY, SEPTEMBER 16, 2001 $1.50

Sunday TIMES LEADER

Attack on America
Day 5 Coverage
PAGES 3A - 9A

"We will smoke them out of their holes. We'll get them running and we'll bring them to justice."

President Bush

BUSH SEES LONG WAR

Second arrest planned

The Associated Press

WASHINGTON — President Bush on Saturday ordered U.S. troops to get ready for war and braced Americans for a long, difficult assault against terrorists to avenge the deadliest attack on the nation. "Those who make war against the United States have chosen their own destruction.

"We will smoke them out of their

AP PHOTO

New York City firefighters Sal Princiotto, left, and Donald Casey embrace at Engine 33 firestation in New York, Saturday. Hundreds of firefighters are missing after Tuesday's terrorist attack on the World Trade Center.

TRAGEDY HITS HOME   As many mull America's recovery, others roll up their sleeves near Ground Zero

Residents fathom short-, long-term ramifications

"The real heroes are the ones that die. We have an obligation to remember them."

Bob Alper
Korean War veteran

By MARK GUYDISH
markg@leader.net

WILKES-BARRE — On Tuesday, life changed.

How?

Expect higher insurance premiums, longer lines at airports, delays in financial transactions, changes in television programming and revised text books.

Don't be surprised at revamped building codes, new emergency plan protocols, tougher background checks when job hunting, and a slew of laws beefing up military and intelligence departments while slowing the flow of information. The government could return to the era of red-ink budgets.

A few people will change careers or join the military. A surge in religious zeal and

See FATHOM, Page 2A

FOR THE TIMES LEADER/DAWN SHURMAITIS

Band of volunteers remains steadfast to the task at hand

By DAWN SHURMAITIS
Special to the Times Leader

JERSEY CITY, N.J. — We're packed shoulder to shoulder in a line hundreds of people long — students, teens, suburban women in good clothes and impractical shoes — lifting and passing 85-pound bags of fast-melting ice, 50-pound bags of Alpo for body-sniffing dogs, cases of steel-tipped construction boots, socks, aspirin, toothpaste, flashlights, bottled water and Gatorade.

We're a ragged, determined army of volunteers feeding supplies to civilian soldiers waging war on "the amputation of our skyline."

See VOLUNTEERS, Page 2A

ABOVE LEFT: Bear Creek Village resident Eric Woefel and former Times Leader staff writer Dawn Shurmaitis stand at 'Ground Zero,' in front of what remains of the World Trade Center. BELOW LEFT: People come together for a candlelight vigil Friday night on the Jersey City waterfront.

we'll bring them to justice."

The Justice Department said Saturday that a second arrest warrant for a material witness in the hijackings investigation was issued by federal prosecutors in New York. The person had not been arrested at the time the warrant was announced.

First the nation had to mourn and bury its dead. "This is indeed a sad occasion, one to be repeated thousands of times by our fellow citizens across the country," Supreme Court Justice Clarence Thomas said at the memorial service for

See WAR, Page 17A

U.S. gains support globally

From Times Leader wire services

WASHINGTON — The United States is winning support for a global anti-terrorism coalition, Secretary of State Colin Powell said Saturday. The State Department urged foreign envoys to impose travel bans on terrorists and cut off their money channels.

Powell, who joined President Bush and other officials at Camp David, Md., thanked Pakistan for its willingness to cooperate in any military action the United States might take in the South Asia region.

Osama bin Laden, identified by Powell as a suspect in the twin terrorist bombings Tuesday, has operated in Afghanistan, Pakistan's western neighbor.

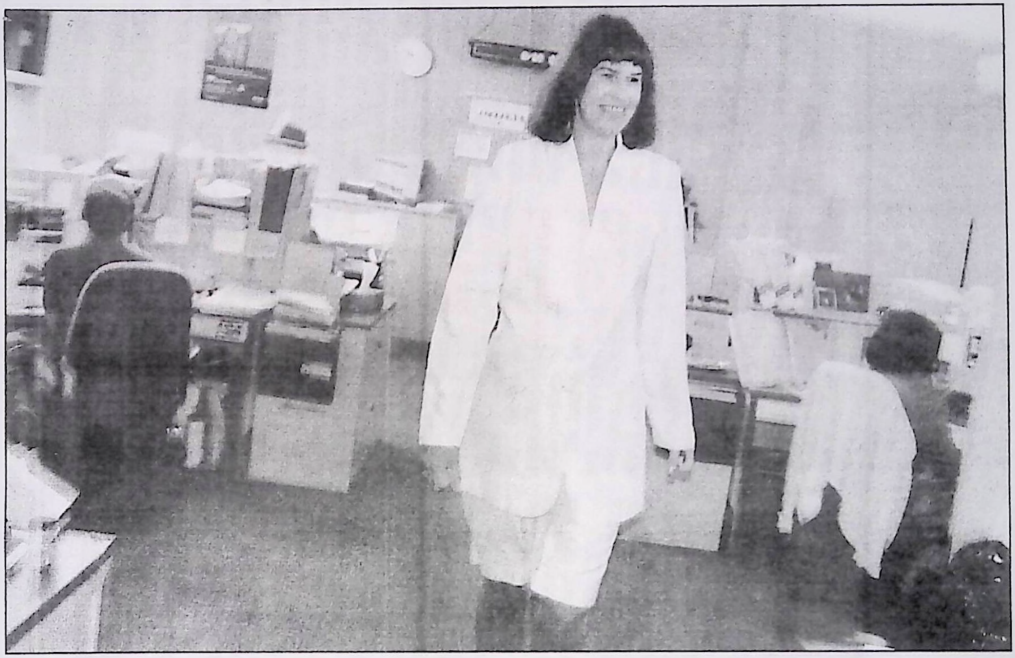
Pakistani military and diplomatic sources said Saturday that Pakistan has agreed to a list of U.S. demands for a possible attack on Afghanistan, including a multinational force to be based there.

A senior U.S. official said he was

See SUPPORT, Page 15A

INSIDE

6 09815 10077 8



LINDA MORGAN / TRIBUNE STAFF PHOTOGRAPHER

Ann Marie Durako, a regional manager of consumer sales and service in Verizon's Scranton office, has noticed the trend toward shorter tenures at many local businesses.

Job switching increasingly common

LINDA MORGAN / TRIBUNE STAFF

Stockbroker Paul Tomczyk, 24, is with his third company since 1999.

FRONT PAGE

By Melissa M. Janoski
TRIBUNE STAFF WRITER

When Paul Tomczyk graduated from college in 1999, he thought he would do what his father did: stay with one company for decades.

The younger Mr. Tomczyk has learned what is now a common lesson: This isn't your father's career.

Mr. Tomczyk, 24, a stockbroker who lives in Taylor, is working for his third company. He's switched jobs more than most of his friends, but frequent moves appear increasingly common.

The average American holds 9.2 jobs between the ages of 18 and 34, the federal Bureau of Labor Statistics reported last year. About half of the jobs are held between the ages of 24 to 34.

"The 25-year-olds that are entering the work force have very little loyalty to the companies, and I don't mean that in a negative way," said Anthony Liuzzo, Ph.D., director of the business division and the master's of business administration program at Wilkes University. "They look at themselves as hired guns."

Mr. Tomczyk sees himself as an "independent contractor." He left his first job because finding clients was a struggle and he could make more money elsewhere. He became dissatis-

Please see **Switchers**, Page A7

SWITCHERS: Few stay long at one firm

A

FROM PAGE A1

fied with the odds of advancement at the second company. It folded before he could decide to leave. He's been with eMedsecurities Inc. in Scranton for about six months.

"You can kind of get an idea of where you are at and if you don't think you are going to the level where you want to be, that is when the tendency to look elsewhere sets in," he said.

He thinks companies are often at fault when they make "empty promises" about salary and advancement.

Statistics are sketchy, but Dr. Liuzzo said employees stuck around longer before the late 1980s.

Dr. Liuzzo attributes some of the changes to corporate mergers that eroded company loyalty and prompted layoffs. The technological revolutions of the 1990s created dot-com companies that came and went quickly. There were lots of chances for employees to start their own business.

"The face of business has really changed," he said.

Bruce Guiot, managing director and chief investment officer of PNC Advisers in Scranton, said the spread of 401(k) plans made moves easier because employees can now take their retirement plans with them when they change jobs.

"I might be able to name one friend or relative in my age group who has worked for only one employer," said Mr. Guiot, who is 32.

He is an exception. Mr. Guiot joined PNC out of college 11 years ago. "My model was my Dad, who spent his whole career with one employer. I think that is an admirable thing to do, and there are many benefits to that." He likes PNC, has learned how the system works and enjoys a generous benefits package, he said.

He knows lots of people who are unhappy with their job changes. "Greener pastures aren't always so green," he said.

Ann Marie Durako, a regional manager of consumer sales and service in Verizon's Scranton office, has noticed the trend toward shorter tenures. When older employees joined the company, "they thought they died and went to heaven and they were never going to leave here," she said. "The younger people aren't like that."

Younger employees ask more questions and are more likely to speak up when dissatisfied, she said. "I just think people are more knowledgeable today and they know they can go elsewhere for a job, so they expect more."

But her Scranton employees stay longer than those in other regions, she said. "If you get a good job in this area, you are going to keep it."

Dr. Liuzzo agrees. "Our people are far more loyal," he said.

Ms. Durako certainly has been loyal. She joined Bell of Pennsylvania, a predecessor to Verizon, when she graduated from high school in 1971. She worked part time as an operator during college and never left.

Shortly after Ms. Durako became a supervisor, she entered an in-house management training program that sealed the long-term relationship. "I wanted to further myself and I had a lot of opportunities," she said.

The security and seniority of a long-term career sound great to Mr. Tomczyk. "I certainly do want to be at a company forever," he said. "I just don't know which one."

Sunday Times, Scranton, PA 8-19-01

circ: 83,651

WEA Fears Foreign Threat To Local Work

P335FF

BY FRAN CALPIN
THE SUNDAY TIMES

Ellis Kern is perfectly at ease as he guides a visitor through the sprawling 1 million-square-foot WEA manufacturing plant in Olyphant's Mid-Valley Industrial Park.

He chats casually with workers as they go about the complicated process of manufacturing compact discs, digital video discs and even vinyl record albums.

"How's it going?" he asks one worker. "What are you working on today?" he inquires of another.

But the easy-going demeanor displayed by the WEA president on the shop floor belies his serious concern not only for his company but the future of the digital entertainment product industry as a whole.

Mr. Kern is worried about the long-term fate of the industry as it fights increasing foreign competition, mainly from the Far East.

He says several companies in Taiwan are becoming heavily involved in making the same products as his company, owned by media and entertainment giant AOL Time Warner.

FIRM EMPLOYS 2,000

With about 2,000 employees, WEA is the fifth largest employer in Northeastern Pennsylvania and second largest for-profit company, just behind Procter & Gamble in Mehoopany, which employs about 2,500 people.

Under normal circumstances, Mr. Kern says he would welcome the competition. But he believes manufacturing conditions in Taiwan are anything but normal when compared to similar operations in the United States.

That's because many Taiwanese companies have dramatically reduced labor costs, paying workers a fraction of the wages earned by their U.S. counterparts.

Companies in Taiwan, an island near China, operate with little or no government interference regarding issues like work rules and environmental standards. Mr. Kern believes many Taiwanese competitors also receive subsidies from their government.

Those conditions, he says, put WEA and other DVD and compact disc manufacturers like Sony and Panasonic at an unfair disadvantage.

The music industry is already battling China over "pirating," unauthorized use of copyrighted materials. The manufacturing problems with Taiwan only make the situation worse, he says.

"We have seen a couple of Taiwanese companies actually set up businesses here in the U.S. on a relatively small scale and then go after big contracts. What they say is, 'We'll do some manufacturing here but when we get busy, we'll push it off to our facilities in the Far East,' which aren't in China but in Taiwan.

"That poses a threat to the jobs here. They don't have to pay the same benefits we pay. They don't pay the same wages we pay."

"I don't see it as an imminent threat at the moment. But this is just the beginning. Where it will be five years or 10 years from now is hard to say. It concerns me not for myself but for the people that will be working here then," he says.

What can be done about foreign countries that pay minuscule wages is hardly a new topic. Labor unions have long been concerned about jobs going to other countries and claim trade deals like the North American Free Trade Agreement make the situations worse.

"I agree with him on that," said Jim Burns, president of the Scranton Council of Labor Unions, an affiliation of labor unions in the area. "We've seen it in the past with the garment industry and the steel industry, so there's no reason it couldn't happen with his business too."

DISADVANTAGE SEEN

Many labor leaders and a few business people, including Mr. Kern, believe the answer lies in trying to level the playing field by imposing tariffs on goods coming into the United States. Some also believe government subsidies should be awarded to companies when it can be determined that U.S. corporations are placed at a clear disadvantage.

But government intervention is far from being a universally accepted solution and may actually be a minority opinion among many economists and businesses leaders.

"I think the idea of imposing tariffs in a situation like this is a bad idea," says Ed Scahill, Ph.D., an economics professor at the University of Scranton. "The result of tariffs is always higher prices and that just ends up hurting consumers."

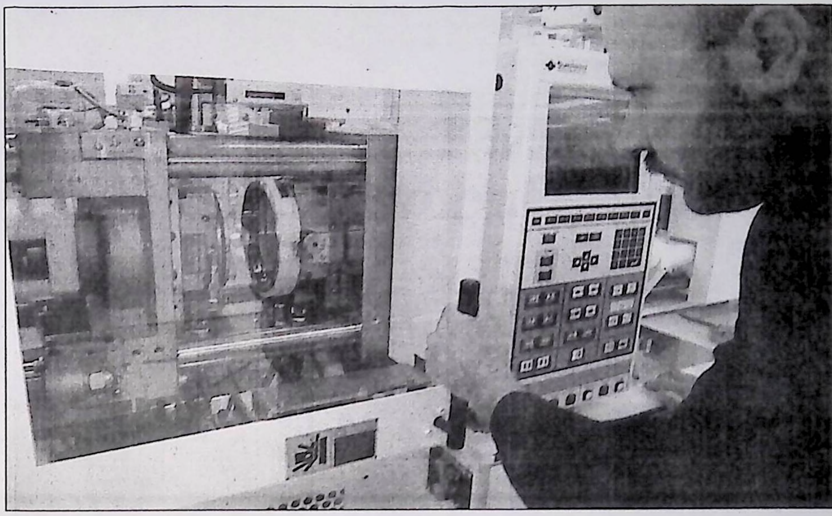
Dr. Scahill and Anthony Liuzzo, Ph.D, an economic professor and head of the business department at Wilkes University, agree it's difficult to stop countries from providing an unfair advantage to companies within their borders.

One way would be through continued diplomatic efforts to negotiate a solution.

But in the long-term, Dr. Liuzzo argues that global market forces tend to "balance themselves out" without the use of protectionist measures.

But for people like Mr. Kern, waiting for years for that to happen is simply too long.

"Unless our government does something to protect CD and DVD manufacturers, there's no reason we can't go the same way as the garment industry," he said.



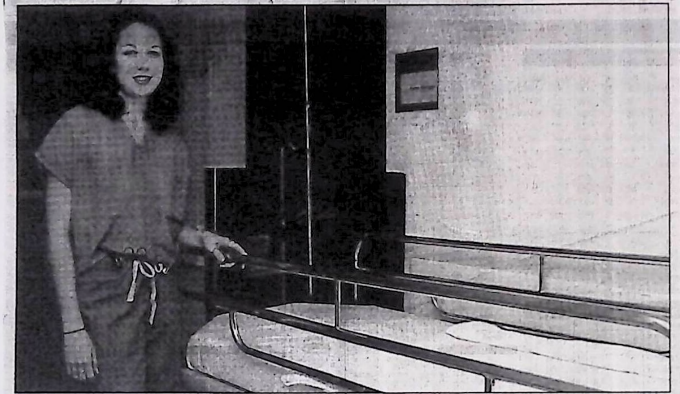
MICHAEL MULLEN / THE SCRANTON TIMES

Walter Burden operates a machine that molds digital video discs at the WEA manufacturing plant in Olyphant. WEA President Ellis Kern is concerned that competition from Taiwan may affect the company's long-term future.

MICHAEL J. MULLEN / THE SUNDAY TIMES

WEA employee Robert Jones inspects a record album at the WEA manufacturing plant in Olyphant. Employee Terri Goralski works with albums in the background.

TRIBUNE
SCRANTON, PA
WEDNESDAY 30,213
JUL 11 2001



JOHNSON BACHMAN / TRIBUNE STAFF PHOTOGRAPHER

Kelly Collins, a transporter at Community Medical Center, is the hospital's current employee of the month.

Employees like 'psychic' rewards

Perks boost morale when money's tight

By Melissa M. Janoski
TRIBUNE STAFF WRITER

As the economic slowdown continues, companies would be wise to look at what employees really want.

Apparently, it's parking.

A designated space seems to be among the most frequent and cherished of rewards for employees of the month and similar honorees.

Such recognition becomes more important in sluggish times, when it is harder to hand out raises and promotions, said Anthony Liuzzo, professor of business and economics at Wilkes University.

"I think these kinds of psychic rewards are very popular and a very good thing," he said, adding that such programs seem to be on the increase.

Many local employers give some kind of reward to their employees.

Community Medical Center, which started its program many years ago, bestows a long list of perks on its top employees.

Topping the list: one month's use of the first spot in the hospital parking garage. The honorees also receive a gift certificate for the restaurant of their choice, a commemorative watch, two movie tickets and an invitation to the Gourmet Gala, a fund-raiser for the Ronald McDonald House.

"They keep adding stuff to it," said hospital spokeswoman Jane Gaul. "It's an incentive for them to do their jobs well."

Another health care provider, Geisinger Wyoming Valley, also offers a parking space for one month as a reward. "Which is probably better than the check," said Margaret Heffer, vice president of human resources. The check is for $100 and comes with a commemorative clock.

Because Geisinger and its satellite offices employ so many people, two employees are chosen.

"It recognizes the unsung heroes of the organization sometimes," Ms. Heffer said.

Winners are sometimes staff members, such as housekeepers, whose extra efforts could have easily gone unnoticed by many. "It kind of crosses all the barriers," she said.

As in many companies, administrators aren't eligible. Neither are doctors.

A parking spot is also awarded, along with $125, to the employee of the quarter at the Tobyhanna Army Depot in Monroe County. There are also several other recognition programs.

One of the biggest prizes is handed out by PNC Bank. At least several winners of two annual awards get a major five-day vacation, among other things. But employees compete on a companywide level.

This spring, Mike Dennen, a vice president of corporate banking in Scranton, was among those who visited the Greenbrier, a renowned and expensive West Virginia resort.

At Scranton-based Diversified Information Technologies, there is a "Bright Ideas" program instead of a traditional employee of the month. Each quarter, employees who have made a suggestion adopted by the company receive a light-bulb-shaped trophy and money, said spokeswoman Mary Kay Warner.

It helps keep good ideas flowing from the people who know the job the best, she said. "It's a way to get employees involved and motivated about their jobs and the company."

At Cigna, the insurance company customer service center in Taylor, every time a customer writes a letter praising an employee, the employee is awarded a plaque and a pin. Similar awards are distributed when a supervisor or fellow employee notices an extra effort, resulting in recognition for at least several employees a month.

"We want to reinforce that that is the type of service we provide," said Antoinette Bonacci, director of customer service.

At Allied Services in Scranton and Wilkes-Barre, each division gives monthly recognition to an employee. There is also a manager of the month award for the entire system.

The honorees and their guests are invited to a lunch with their supervisors and President James Brady. In addition to a $25 restaurant gift certificate and an Allied watch, a variety of gifts and raffle prizes are given away, such as gift certificates for lobster tails.

PATRIOT-NEWS
HARRISBURG, PA
MONDAY 102,060
JUL 23 2001

AS I SEE IT

Warning trend

Today's consumer confronts hidden dangers in supposedly benign home products

P225FF

By ANTHONY J. LIUZZO

My bathroom is a very dangerous place. I have learned of its hidden perils only by reading the warning prominently displayed on various items located therein.

My can of shaving cream admonishes me never to warm the lather, my toothpaste tube informs me that I should never swallow more toothpaste than is ordinarily used for brushing; and my face towel advises that it not be placed in contact with any substance containing benzoyl peroxide (which, I hope, is not used in the manufacture of beer).

The other rooms of my home are fraught with latent risks as well, and I shall be eternally grateful to the manufacturers of consumer products for disclosing these to me.

My home office telephone comes with the warning that "the device may accept any interference received, including interference that may cause undesired operation."

My calculator counsels that I must "not use this instrument when temperatures are above 104 degrees or less than 32 degrees." (Presumably, like me, its ability to perform rudimentary arithmetic calculations is heat and cold sensitive.)

And I have dutifully informed by their makers that staples have "sharp points."

My kitchen contains a host of frightening objects. These include garbage bags, which can suffocate me and kitchen wrap and food containers, which can lacerate my delicate skin.

My coffee percolator admonishes me to use only fresh water. My toaster counsels me never to use it outdoors. My water cooler warns me not to employ it as a holder for houseplants. And, my electric mixer orders me never to use this apparatus in the presence of flames or explosives (Presumably, the producer has become aware that I am challenged in the art of cooking.)

Manufacturers of products used in my den unabashedly assume nothing in terms of my intellect or common sense. My CD player cautions that I not pour liguids inside the opening. My television set warns against scratching the surface of the screen. And my VCR informs me never to pry the machine open, although, thankfully, it does expressly grant me permission to place this device in a convenient location.

Finally, my garage is a virtual war zone. My snowblower has 20 warnings, including admonitions to dress properly and to keep my footing.

The user's manual for my automobile contains so many warnings that I am not able to read and digest these in one sitting. The final warning however, disclosed that there may be discrepancies between the data, illustrations and descriptions in the manual and my automobile. In other words, I am being warned that the warnings that have previously been issued may not be, in fact, accurate.

I, too, have a warning — and it is directed at the manufacturers of these and related products.

WARNING: The continued assumption that purchasers of products lack elementary knowledge or common sense will be met with direct decreases in sales revenuse.

Anthony Liuzzo is professor of business and economics at Wilkes University in Wilkes-Barre.

The Patriot-News
MONDAY July 23, 2001
50¢ per copy newsstand, store & vending machines
$2.70 per week home delivered
Volume 160 – No. 172
HARRISBURG, PA. ◇ STATE EDITION ◇
Back Page

As I See It

Warning trend

Today's consumer confronts hidden dangers in supposedly benign home products

By Anthony J. Liuzzo

My bathroom is a very dangerous place. I have learned of its hidden perils only by reading the warning prominently displayed on various items located therein.

My can of shaving cream admonishes me never to warm the lather, my toothpaste tube informs me that I should never swallow more toothpaste than is ordinarily used for brushing; and my face towel advises that it not be placed in contact with any substance containing benzoyl peroxide (which, I hope, is not used in the manufacture of beer).

The other rooms of my home are fraught with latent risks as well, and I shall be eternally grateful to the manufacturers of consumer products for disclosing these to me.

My home office telephone comes with the warning that "the device may accept any interference received, including interference that may cause undesired operation."

My calculator counsels that I must "not use this instrument when temperatures are above 104 degrees or less than 32 degrees." (Presumably, like me, its ability to perform rudimentary arithmetic calculations is heat and cold sensitive.)

And I have dutifully informed by their makers that staples have "sharp points."

My kitchen contains a host of frightening objects. These include garbage bags, which can suffocate me and kitchen wrap and food containers, which can lacerate my delicate skin.

My coffee percolator admonishes me to use only fresh water. My toaster counsels me never to use it outdoors. My water cooler warns me not to employ it as a holder for houseplants. And, my electric mixer orders me never to use this apparatus in the presence of flames or explosives (Presumably, the producer has become aware that I am challenged in the art of cooking.)

Manufacturers of products used in my den unabashedly assume nothing in terms of my intellect or common sense. My CD player cautions that I not pour liguids inside the opening. My television set warns against scratching the surface of the screen. And my VCR informs me never to pry the machine open, although, thankfully, it does expressly grant me permission to place this device in a convenient location.

Finally, my garage is a virtual war zone. My snowblower has 20 warnings, including admonitions to dress properly and to keep my footing.

The user's manual for my automobile contains so many warnings that I am not able to read and digest these in one sitting. The final warning however, disclosed that there may be discrepancies between the data, illustrations and descriptions in the manual and my automobile. In other words, I am being warned that the warnings that have previously been issued may not be, in fact, accurate.

I, too, have a warning — and it is directed at the manufacturers of these and related products.

WARNING: The continued assumption that purchasers of products lack elementary knowledge or common sense will be met with direct decreases in sales revenuse.

Anthony Liuzzo is professor of business and economics at Wilkes University in Wilkes-Barre.

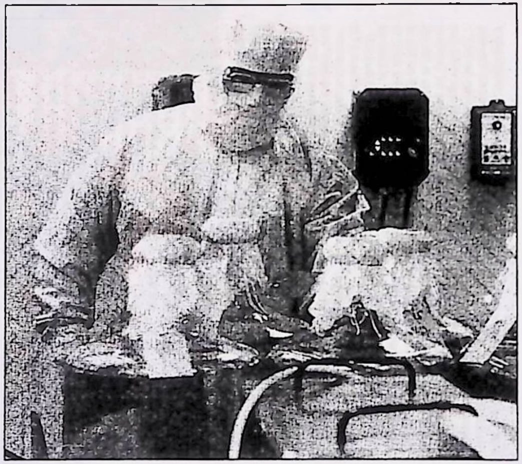
NORTHEAST PENNSYLVANIA
BUSINESS JOURNAL
THE REGION'S AWARD-WINNING SOURCE OF BUSINESS NEWS AND INFORMATION
$1.50 JULY 2001 VOL. 16 NO. 9

Taking our high-tech temperature

Some things never change: General stores serve rural markets, p. 6

Pooling purchase power pays dividends, p. 14

When in China: Company learns culture of new market



A worker at Aventis Pasteur, Monroe County, making vaccines. Experts say the region needs additional high-tech firms such as Aventis, employing highly skilled workers like this one, to make us "more resistant to the ups and downs of the national economy."
Photo by Ken Schurman, VIP Studios

By Elizabeth Zygmunt

As the Thomson plant-closing in Dunmore dramatically illustrates, northeast Pennsylvania's regional fortunes can't rest exclusively on "old economy" manufacturing jobs that are too easily lost to unskilled foreign labor.

"It's clear we need to diversify . . . so we are more resistant to the ups and downs of the national economy," says the executive director of the Great Valley Technology Alliance (GVTA), Marisue Elias. Resistant jobs, she says, are "new economy" jobs based on skill and knowledge.

Indeed, separate research by the Progressive Policy Institute (PPI) in Washington, D.C. and by a committee of Pennsylvania executives known as Tech 21 concludes that the economic health of a region relies on its ability to attract and sustain a high-tech base — high-tech meaning companies that create and use knowledge, not just computer products.

John Pullo, vice president and general manager of Gentex Corporation's Performance Materials Unit and a Tech 21 committee member explains, "Nothing has caused more confusion than the term 'new economy.' When we talk about the need for a high-tech business base, we mean the insertion of technology into business practices and the knowledge that goes into it. Thinking of IT (information technology) as the only bastion of high-tech is a problem. IT enables the 'new economy,' but it's knowing how to construct products that are useful and valuable to the customer that is important."

Tech 21, a state initiative, developed "ingredients" they deemed essential to a high-tech economy. The *Business Journal* asked community leaders about each one.

High-tech continues on page 36

Vital signs: Healthy dose of dot-coms essential to a high-tech economy . . . here's a look at some local online firms

theferretstore.com. . . .'the happiest day' was when they defeated investor-fueled pets.com

Scott Sanfilippo, vice president, theferretstore.com:
About three years ago, pets.com came on the scene. They were backed with tons of venture capital that seemed to never stop flowing.

They were well aware of our presence, had our catalog, and visited our Web site quite often. They developed a ferret section which included the same products we had but at extremely low prices.

We were nervous. We kept a sharp eye on them and did everything we could to become their most hated competitor. Then in 2000, their cash dried up, their investors pulled out, and they shut down. The happiest day for me was the day they shut down and I placed a call to their CFO asking if they wanted to sell their inventory.

MfgGate.com. . . . news of the death of dot-coms is greatly exaggerated says B-2-B portal

Frank Sylvester, marketing director, MfgGate.com:
MfgGate.com is a B2B Resource connecting over 20,000 Pa. manufacturers, helping them to find new customers, buy and sell goods and services, and source raw material.

Web sites, particularly B2B resources must provide...services, products and content that customers cannot get elsewhere. MfgGate, to our knowledge, is the only B2B site that provides both online value and one-on-one business support and expertise.

Media reports of online advertising's death are misleading and wrong. Online advertising has grown from next to nothing in 1994 to $8.2 billion in 2000! New media growth is unmatched in advertising history!

The "dot bomb" is just business. Darwinism at its best.

M.E.T.A. Media Inc. . . . strategic alliances key to online success say 'e-trainers'

Pam Hemann, vice president, M.E.T.A. Media:
We specialize in online learning. The advantage for businesses to go to an "online learning program" simply comes down to dollars and sense.

This doesn't only mean that an "Online Learning Program" is a less expensive way to educate people. It also decreases time to mastery, reduces rework and potential downtime, lessens or eliminates travel expenses.

We are definitely a "new economy" structure . . . more of a horizontal vs. a hierarchical structure.

We have become strategic partners with a couple of other online learning companies. Working together with those partners allows all of us to share not only a wealth of knowledge and expertise, but the profits as well.

High-tech

Continued from page one

Anchor Firms

Anchor firms, says Tech 21, create a spawning ground for new companies, establishing a critical mass for workforce development, managerial talent and attracting venture capital.

As Pullo emphasizes, anchor firms are not necessarily IT companies or dot-coms. Rather they are companies that rely on a skilled employee pool and are large enough to spawn "spin-off" companies and a local supply chain.

"I still believe in Corning as an anchor firm," Pullo says as an example. "There's been a down turn in the national economy, but that will change. Corning is a tremendous asset."

Marisue Elias, executive director of the Great Valley Technology Alliance, says GVTA's efforts are to make NEPA "known for having a pool of talent, making recruiting easy for high-tech employers."
Photo by Bob Urban

Todd Vonderheid, vice president, economic development at the Greater Wilkes-Barre Chamber of Business and Industry concurs.

"Having optoelectronics like Corning and FiNet as a cluster industry is a great positive," he says. And about the recent lay-offs at each plant, he says, "Every day in Silicon Valley companies fail. We seem to think that one failure means we can't succeed at all."

Vonderheid's comments align with the PPI's assertion that "job churning," the "constant creation and destruction of jobs" impacts local economies positively, as "this churning accelerates the number of new start-ups...and is a major driver of economic innovation and growth."

Elias says the role of GVTA in attracting anchor firms is to create an infrastructure conducive to them, including vibrant urban centers and a skilled workforce.

"Our efforts are to educate the workforce so we become known for having a pool of talent, making recruiting easy for these employers."

Efforts include the creation of a Great Valley Technology Institute, (see story, page 22) that will "combine the disparate resources" of area colleges to create a "formidable" educational resource, she says.

Workforce

Another "ingredient" for a successful high-tech economy — skilled workforce — seems to circle around the lack of anchor firms, creating a vexing chicken-and-egg conundrum.

A *Business Journal* survey found that over 7,000 students — most of whom will not stay in the area — graduated from area colleges this past spring with at least an associate's degree, the minimum educational requirement PPI says defines an educated workforce.

Pullo says, "Our educational institutions are turning out superior graduates — world-class products . . . however, their skills may not be aligned to the needs of businesses in our area."

Lacking an immediate match between their new-found skills and a job, graduates depart, causing much-publicized "brain drain."

According to PPI, "many states with a less educated workforce have a high net out-migration, for example . . . Pennsylvania" and, unfortunately, "in the new economy . . . an educated workforce is critical to . . . fostering innovation."

Elias believes that several things can and are being done to stem the tide.

"It's tough to compete with Silicon Valley," she says. "But we are working to create internship opportunities for students, so they can preview future employers. We are working with companies so that they know how to structure internships — so that they know this isn't just babysitting."

Elias also says the workforce can be built upon more mature foundations. "When you think about settling down, that's when the quality of life issues come into play. We are reaching out to those people who have left and want to return. Several colleges have dedicated space in their alumni publications to us."

Venture Capital

Another conundrum is the interdependence of anchor firms and venture capital — the investment money needed to grow new business ideas.

Companies receiving venture capital often become successful publicly traded anchor firms. Which comes first — the anchor firm or the venture capital — in an area in short supply of both is a puzzle currently being analyzed by GVTA and the Ben Franklin Technology Partners (BFTP).

Gerry Ephault, regional manager, Ben Franklin Technology Partners, says efforts are underway to lure venture capital....now available only from networks outside the area. According to GVTA, the announcement of an angel network is pending.
Photo by Bob Urban

Gerald Ephault, BFTP regional manager, says there are no institutional venture capital funds or angel networks yet in our immediate region. The reason?

"Until recently, there was an insufficient flow of good prospects that would yield the rate of return on investments required by angel networks and institutional venture capital firms," he says. "One reason was the lack of

High-tech continues on page 38

Vital signs: Anchor firms create skilled, high paying jobs, encourage entrepreneurship

CyLogix . . . "we need more entrepreneurs and we need to celebrate success, not failure . . . we need to know that it's OK to take a chance."

Chris Haran, vice president, business operations: "In regard to workforce, we found a great number of experienced IT professionals here, most of our professionals have masters degrees . . . the workforce is superior . . . as far as new college graduates are concerned, 20-21 year olds are going to go where their hearts tell them. But once you hit 30 and want to settle down, that's when the quality of life is important. People need to leave before they can appreciate what they have here. Also, we need more entrepreneurs and are very much in need of venture capital . . . but, we tend to celebrate failure, not success . . . Coming still has 1,200 jobs . . . the glass is half-full, not half-empty. As far as business climate, the (local) chambers do a great job of promoting the area."

Aventis Pasteur . . . "affordable land, low taxes and a dedicated workforce are a great start, but more must be done . . . to secure the thriving industries of tomorrow."

Damian Braga, senior vice president and general manager: "As Monroe County's largest private employer, we are thankful for all the state and county government have done to address our specific needs. The governor's office has been particularly cognizant of those needs . . . we recognize that the residents of NEPA are dedicated, hard-working people . . . however, state and county government must make significant investments into roads, utilities and education . . . without this type of commitment, high-tech companies may choose other areas they feel are more turn-key and better suited to meet their short and long-term needs. In addition, education . . . must be constantly evaluated to . . . parallel needs of high-tech employers."

NEPA workers less educated and less paid

By Robert Curran

People who work in northeastern Pennsylvania don't earn as much as their counterparts in larger metropolitan regions, but trade-offs for these workers include lower home ownership prices and apartment rents that are more affordable.

As wages go, regionally the per capita household income is $20,900 and household income is $53,966, according to data assembled by the 2000 *Editor and Publisher Market Guide.*

For wage levels, the Philadelphia region tops the state list, with per capita income of $25,445 and household of $69,161.

In a dramatic shift from the time when coal mining was the prominent industry in northeastern Pennsylvania and northeastern Pennsylvania was the source of 80 percent of the world's anthracite, coal mining today has the least number of workers, just 400, in the goods producing industries of mining, construction and manufacturing.

The largest number of workers in northeastern Pennsylvania, 221,300, have jobs in the service producing industries where the biggest employers are the retail trades with 52,300 employees; the federal, state and local governments with 36,400 employees; and the health services industries with 30,900 employees.

Among the goods producing industries, the most jobs are in manufacturing, where there are 54,800 employees. Products include machinery, lumber, food, paper, printing and textiles.

With 3,600 employees, the Wyoming Valley Health Care System, headquartered in Wilkes-Barre, is the region's largest employer. The second largest employer in the region is the Tobyhanna Army Depot, which has a workforce of 3,200 persons. The average age of a Tobyhanna Army Depot employee is 49 and the average salary is $38,200.

Overall, the range of jobs in northeastern Pennsylvania is greater than it was 50 years ago when the apparel and textile trades were large employers, according to the Economic Development Council of Northeastern Pennsylvania (EDCNP).

> *In today's workforce in northeastern Pennsylvania, 14.81 percent have graduated from college. This figure is lower than the 24.59 percent in the Philadelphia region, 19.89 percent in Pittsburgh and 19.72 percent in Harrisburg.*

In today's workforce in northeastern Pennsylvania, 14.81 percent have graduated from college. This figure is lower than the 24.59 percent in the Philadelphia region, 19.89 percent in Pittsburgh and 19.72 percent in Harrisburg. Among metro areas however, the northeastern Pennsylvania figure is higher than the 10.87 percent in Johnstown, the 11.45 percent in Altoona and the 13.42 percent in Williamsport.

An advantage for today's worker in northeastern Pennsylvania is the price of housing, where a person or family can own a house as large as one in the Philadelphia or Allentown-Bethlehem-Easton regions, but pay considerably less.

Data on file with the Greater Scranton Chamber lists the median value of a house in northeastern Pennsylvania at $79,217. In Philadelphia, the median value is $128,504, and for Allentown-Bethlehem-Easton the median is $119,357. Apartment rentals are also more moderate in northeastern Pennsylvania, with the median at $475 per month. Several other metro regions have higher median rents, topped by Philadelphia at $717 monthly.

Workers in northeastern Pennsylvania today are also more likely to own their own home, and this group is above the national average in home ownership. Census Bureau statistics say that some 66 percent of the homes in the United States are occupied by their owner. The home ownership figures for northeastern Pennsylvania range from 67.6 percent in Lackawanna County to 84.8 percent in Pike County.

With a look to the future, there's wide agreement among business leaders about the need to attract more high-tech jobs.

A high-tech, high paying firm like IBM, which would employ 10,000 or more persons, was described by George T. Haskett, associate professor at Marywood University's School of Social Work as a good example of the type of firm that would result in more college graduates staying in northeastern Pennsylvania rather than going out of town to start a career.

The doctors are in:

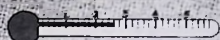
Satyajit Ghosh, Ph.D., professor and chair of economics and finance, The University of Scranton

Anthony Liuzzo, Ph.D., professor and director of the MBA program, Wilkes University

Margarita Rose, Ph.D., associate professor of economics, King's College

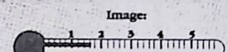
A panel of area economists individually rated the region on six high-tech "ingredients" using a scale of one to five. The final scores are averages. "One" indicates a complete lack of the ingredient, "five" indicates the ingredient in abundance. Here are the scores and random comments:

Anchor Firms:



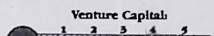
"Our area has seen much progress in attracting new business. I foresee a higher rating soon."

Image:



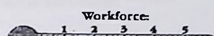
"... a positive image of this community as a technology center does not exist."

Venture Capital:



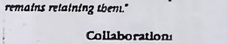
"...local history suggests that much income generated in the community tended to drain out."

Workforce:



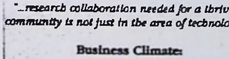
"...a plethora of higher education institutes turning out skilled workers ...the problem remains retaining them."

Collaboration:



"...research collaboration needed for a thriving community is not just in the area of technology."

Business Climate:



"...local governments have a vital role to play. They bear the burden of creating an environment that will attract high-tech companies..."

"All the News That's Fit to Print"

The New York Times

VOL. CL . . . . No. 51,606

MONDAY, DECEMBER 18, 2000

Early Bargains Aren't Enticing Many Shoppers

By LESLIE KAUFMAN

This year, Sears is throwing its after-Christmas sale before Christmas. The Gap has already slashed the prices of much of its signature leather collection in half. At Bath and Body Works, shower gels and bubble bath in this holiday's scents of Mulberry Spice and Candy Apple are on sale 3 for $24. And J. Crew stuck an insert into its catalogs that offered 50 percent off much of its fall merchandise to customers who shopped its Internet store.

Like radio stations' endless replays of Bruce Springsteen's version of "Santa Claus Is Coming to Town," last-minute sales at stores are an ingrained holiday tradition. But in previous seasons, sales were largely a strategic game merchants played. Those enticing, seemingly last-minute, discounts had probably been planned all along. This year, a confluence of factors resulting in a sudden and steep loss in consumer appetite has made these sales an increasingly desperate gambit.

Across the nation, vendors of everything from diamonds to underwear are slashing prices to get rid of unanticipated excess inventory, industry analysts said. "It is roughly 35 percent more promotional than last year," said John D. Morris, an analyst with Gerard Klauer Mattison, who keeps a holiday sales-rack index. "And it is going to be the most promotional Christmas since we began keeping track in 1996."

And while that is grim news for retailers, the analysts say it is hard to remember a holiday season that

Continued on Page A23

Holiday Sales Bring Little Joy to Either Buyers or Sellers

Continued From Page A1

offered bigger bargains to the savvy shopper. "Given the stock market slide, the prolonged election, and the sudden drop in consumer demand, this is going to be a very special year for the consumer," said Dr. Anthony Liuzzo, professor of business and economics at Wilkes University, in Wilkes-Barre, Pa.

At Denver's upscale Cherry Creek mall, Kathy Berumen, 46, a controller for a construction company, was luxuriating in the deals. Already loaded down with three shopping bags, she perused a rack of Ralph Lauren fashions marked another 25 percent off already discounted prices at Lord & Taylor's. "I'm saving 50 percent on some items," she boasted. "I think I'm spending less this year and getting the same amount. Just about everything seems to be on sale, so I'm pleasantly surprised."

Unfortunately for the nation's merchants, though, for every shop-happy Ms. Berumen, there are others still holding back despite the early, substantial discounts. For months leading into the holiday season, merchants reported that consumer spending was gradually slowing. Yet most executives and analysts still expected a solid Christmas with sales growth of 3 to 4 percent over all.

It has not turned out that way so far, at least.

Despite strong sales reported the day after Thanksgiving, sales at specialty stores in the nation's malls are down 6.2 percent for the season as of Dec. 10, according to the International Council of Shopping Centers, a

So many good prices, but so few consumers willing to part with their money.

trade group. In the second week of December alone, purchases sank in almost every category, from apparel (down 8.9 percent), to jewelry (down 12.9 percent), to music, video and home entertainment (down 21.3 percent).

The problems first became apparent last month as the sales trend abruptly turned from tepid to weak. Many of the chains that had been most successful during the country's sustained economic boom reported a steep drop in November sales that seemed to take them by surprise. Even at the normally infallible Victoria's Secret, customers seemed unimpressed by what the company was pushing as its key item: seamless cleavage-enhancing satin lingerie in crimson and royal purple. Or perhaps they had already bought their fill of liquid miracle bras, because store sales declined 2 percent compared with last November's. The company had estimated sales would grow by 5 percent. Among the retailers hardest hit by recent consumer skittishness are those selling luxury goods. In news that should make many a chinchilla sleep easier, Neiman Marcus saw sales decline 2.5 percent over last November's. Jewelers like Tiffany's do not report monthly changes in rates of sales, but clearly the fact that the Lexus set is spending with less carefree abandon has got to hurt.

All that Christmas inventory is like a ticking time bomb in the pockets of retailers. In theory, the stores have another full week to sell merchandise, and have lucked out this year with a weekend right before Christmas that is expected to bring two banner sales days. But in reality, many retailers are worried that if they do not cut prices before then, they will lose out to rivals or possibly to a sudden winter storm.

"We know business will come later," said Richard Baum, a retail stock analyst with Credit Suisse First Boston, "but it takes a cast-iron stomach not to blink first and slash prices."

At the malls, many retailers are already offering their second and even third round of markdowns, said Mr. Morris of Gerard Klauer Mattison, and he predicts there is more to come.

Of particular concern to the price-cutting area are Wal-Mart and Target, the giant discounters that are the 800-pound gorillas of holiday sales.

Both chains have had lower than expected sales for the first two weeks of December. Wal-Mart has told analysts that it wished it had ordered 10 percent less of some seasonal products than it received from overseas — including electronics, toys and clothing — that it had to order months ago when everyone was a lot more optimistic. A Wal-Mart spokesman denied that the company was overstocked.

The danger for retailers is that if Wal-Mart significantly cuts prices before Christmas, its reach is such that it could undercut entire swaths of the retailing market by stealing market share or forcing involuntary price cuts by competitors.

"Wal-Mart's inventory position is important to watch, because if Wal-Mart gets promotional, clearly it is not good for margins across the industry," said Shari Schwartzman Eberts, an analyst with J.P. Morgan Securities, who is tracking the behemoth with some dread.

Many retailers counter that they are not panicky. Many, like the Gap, Victoria's Secret, Zale's and Tiffany's, would not comment at all on their sales strategy. Most of those who did talk insisted that all the discounts customers have seen as of this last week were planned. Sears, Roebuck & Company said its decision to move its after Christmas sale to before Christmas was made months ago. J. Crew said the same of its 50 percent off Internet sale.

"We plan our promotions months in advance and we have not varied from the plan," said Patty Morris, a Target spokeswoman. "It is a question of how quickly are you able to implement additional campaigns and is it worth the money to do that."

Still, however much retailers hope to stick to their plans, if shoppers do not start buying in earnest soon companies will have little choice but to offer enticements above and beyond what is already out there.

Last week, the Magnificent Mile in Chicago was a sea of red and white. White with the first blizzard of winter, and red with the big sale signs stuck in almost every retailer's windows. But neither the 50 percent off signs, like those at Kenneth Cole, nor the potential reprieve from the snow-blown streets seemed to lure many customers into the stores. Gunson Scott, a British Airways pilot on a layover in Chicago, glanced at the signs and kept moving. "The sales are enticing, but not that enticing," he said.

Even those who ventured inside to warm themselves were not buying. At Express, two racks of leather jackets, pants and skirts hung under a 40 percent off sign. But Cydney McCabe, 48, did not purchase anything for her leather-crazed 15-year-old daughter. "I'm looking for an even better deal," said Ms. McCabe, "like 50 percent off on top of that."