



HOLIDAY GREETINGS!

Having just completed our first full year in business, we look back on 1989 as a good year. '89 will be an easy year to remember. Seems like there's a million things of earthquaking proportions going on around the globe. These are exciting times, aren't they? An apparent end to the cold war; wild fluctuations in the stock market; deadly weather phenomenon and the quake of '89, just to name a few.

As the year and the decade draw to a close, we extend to you our warmest wishes for an exceptionally happy holiday season, and a most profitable new year!

FREE LEASES AWARDED by Lease \$mart after drawings at recent trade shows!

At the Business and Technology Expo '89!;

First Prize:

Kent Graves, Sales Manager with Arbuckle Coffee. We have leased for 12 months a mature maple tree in Massachusetts. As leaseholder, Kent will receive the tree's entire production of sap for the year, converted into 100% pure maple syrup! He is guaranteed a minimum of 50 ounces of syrup. Maybe more than that if it's a bumper crop!

Second Prizes:

Michael Ebert, Industrial Sales & Leasing Agent at Best Commercial Real Estate, Inc., Commercial Division; and Larry Paxton, Vice President of Sales & Marketing for MagCARD. They will each receive a 12 month lease on a maple bucket, providing approximately 1/2 of the tree's yield (guaranteed 25 ounces of pure maple syrup, minimum).

Third Prize:

David Miller, Sales Representative for Innovative Display Advertising. David will receive a 12 month lease on a bee hive, and the entire year's honey production (guaranteed 21 ounces of his favorite flavor of honey).

At the Women's EXPO '89;

First Prize:

Gerald Sanders, Vice President of CENDOT Enterprises. Gerald will receive a 12 month lease on a bee hive, and the entire year's honey production (guaranteed 21 ounces of his favorite flavor of honey).

We selected these prizes to help emphasize that leasing provides all the benefits of income producing equipment (and maple trees/bee hives!) without the drawbacks of ownership.

CONTEST

We need your help in the naming of our newsletter. We encourage you to submit your ideas on or before March 15, 1990. The winning entry will receive a lease on a lobster trap in the cold waters of the Atlantic. To aid you in your thought processes: We are Smart Systems, Inc., doing business as Lease \$mart. The newsletter will be published every 4 months (or so) and will cover such topics as economic news, marketing ideas, featured vendors and lessees, plus tips on legal news, business financing, accountant's corner, a listing of available repossessed and off-lease equipment, and equipment developments. Submit your suggestions by phone, fax or in writing, but be sure to get them to us before March 15, 1990.

1990's Could be Most Prosperous Decade

In a recent article, Business Week surveyed expected trends for the coming decade and the early part of the next century. Although the article is not entirely positive, there are some bright spots. Here are some highlights:

"Slower labor-force growth will boost investment in new technologies. Meanwhile, thanks to a thaw in relations with the Soviet Union, the U.S. military budget will continue to shrink as a share of GNP, freeing up resources.... Today, it looks as though stability will be the strength of the 1990's, and that the sharp ups and downs of earlier cycles will be absent. In this more predictable environment, investment for the future will displace spending for today.... In the 1990's, says a senior economist at the National Planning Association in Washington, it will be the service sector's turn to get shaken up by foreign competition: 'People don't make productivity improvements unless their backs are against the wall, or until they start getting desperate. In most areas of the service sector, we'll see more desperation.'

"The very demographic shift that people worry about - a slower growing labor force - contains within it the seeds to give productivity a nice boost.... As labor market conditions change in the U.S., making labor scarcer and more expensive, business might invest more readily in productivity-enhancing capital.... While the U.S. needs such down-to-earth solutions to current woes, it also needs new technologies and the money to implement them. With greater economic stability, the spending might be forthcoming. Gross investment now accounts for 10% of gross national product, a touch higher than in recent years, but still well below that of our major rivals. If fixed investment in plant and equipment grew to, say, 11% or 12% of GNP, the technological improvements 'embodied' in that capital could trigger significant productivity increases." (Business Week, 9/25/89, "Economic Prospects For The Year 2000")

FAST & FAVORITE RUM CAKE RECIPE

1 tsp. sugar	1 or 2 qts. rum
1 cup dried fruit	brown sugar
1 tsp. baking soda	1 cup warm butter
2 large eggs	baking powder
1 cup lemon juice	2 full bags flour
1 handful chopped nuts	

Before starting, sample rum to check quality. Find a clean large mixing bowl, measuring cup, etc. Check rum again. (It must be just right. To be sure rum is of proper quality, pour 1 level cup into a glass and drink it as fast as you can. Repeat.)

With electric mixer, beat 1 cup butter in large fluffy bowl. Add 1 seaspoon of thugar and beat it again.

Make sure rum is still alright! Open second quart, if needed.

Add eggs, 2 cups fried druit and beat till high. (If druit gets stuck in beaters, pry it loose with a drewscriber.) Sample rumm again, checking for conscisticity.

Nexsht, sift 3 cups pepper with salt into smaall, dry bowl. Sapmle rumm.

sift. 1 halfpint lemon juice. Fold in chapped nuts and level babelspoon brown thugar. Wix it mel.

Grease oven. Turn cakepan on to 350°F. Pour entire contents into uven. Check rum agagainn, and bo to ged.

MERRY CHRISTMAS!!

Tough Times for Loans In Arizona

Have you gotten the answer you wanted from your banker lately? Maybe you've put off asking, fearing the inevitable scrutiny which follows.

An article in the Arizona Daily Star (11/19/89, p 1G) reveals that small firms are having a tough time obtaining business loans in Arizona. Our banks' recent losses in their real estate loan portfolios and investments have caused severe cutbacks in the number and types of loans they are approving. Banks "seem to be establishing requirements for borrowing that are based on the poor condition of Arizona's real estate economy, rather than the condition of the specific business seeking the loan," according to a local businessman. Arizona-based banks are making very few new loans and are severely restricting renewals of existing credit lines.

Where does a business go when it has more profit potential than the bank is willing to recognize? It depends on the borrowing needs of the business. If the business needs cash for inventory or operations, it should explore the possibility of "financing" more of its operations and inventory with its trade suppliers. By securing "net 30" terms, a business can obtain inventory and supplies now and have the benefit of their use for up to 30 days without paying interest or finance charges. Depending on your inventory turnover and level of expenses, this arrangement can provide a substantial amount of liquidity at no cost. Discretion and proper management techniques must be observed to prevent subsequent cash-flow problems. By taking advantage of net 30 terms, you will also be building your company's credit references and improving your credit ratings.

Another smart source of operating cash lies in the firm's accounts receivable. Proper A/R management techniques can yield handsome benefits in liquidity with little or no cost.

If you need more operating capital than can be raised by these methods, be prepared to pledge everything you and your business own to secure a bank loan.

If you want to borrow for expansion or modernization of your business facilities, a capital lease makes more sense than ever. Lessors work only with the equipment needs of growing businesses. We understand the benefits which accompany the acquisition of new equipment and the importance of modern equipment and facilities to the success of businesses.

Because equipment lessors aren't investing in or lending against real estate, we are focused on that segment of business finance we know best. Obviously, not all businesses are directly affected by a drop in real estate values. Most businesses are fairly insulated from the real estate market. Some entrepreneurs are even likely to do better now than at any other time, because of current market conditions.

And because lessors operate on a more national basis, our vision is not clouded by regional hot spots.

The policies of our local banks have been good for our business! Lease \$mart is providing approval for the equipment needs of an increased number of growing businesses. In 1989, we have provided approval for 84% of all applications submitted.

VENDOR SPOTLIGHT

For our first newsletter, we focus our spotlight on Mike Quatraro. Our first lease funding after opening Lease Smart was for a customer referred to us by Mike.

Mike is retail sales executive for Video West, a diversified video firm providing one of Arizona's largest video rental inventories, plus retail sales of pro-line video and audio equipment. The company also contracts equipment and technicians to conventions and such national touring acts as Bill Cosby and Randy Travis.

Just 5 years ago Mike was in Ohio at Babcock and Wilcox, where he created their corporate data center and personal computer network. Preferring our warm climate, he moved to Tucson and quickly became service manager for ComputerLand. After 3 years in the service department, he took a sales position with ComputerLand.

About 1 1/2 years ago, Mike approached Video West, offering an Apple Macintosh II computer to help them achieve new effects with digital imaging and computer automation in their post production work. Video West was impressed enough to buy the computer - and also offer Mike a job marketing their pro-line video and audio gear in the growing Tucson market.

Since then, Mike has expanded Video West's product base and made significant increases in pro-line video equipment sales. He enjoys the challenges of matching his customer's highly technical needs with their budget and available technology. As Mike assembles turnkey systems, including cameras, editing decks, tripods, booms and peripherals, the price tag can range from \$30,000 to over \$100,000.

When his customer realizes the total equipment cost, not counting the other costs of production (actors, props, etc...), Mike suggests leasing for the capital equipment. "Most of my customers have many demands on limited cash resources. They can see that leasing allows them to conserve their cash and lets them pay for the equipment as they enjoy the benefits from it. I think the same logic applies to all businesses. I know it applies to us. We just leased our new computer system."

Mike provides an increased level of support services for his customers, and says "The rapport I establish with my customer, suppliers and leasing source is very important to me. I need fast and accurate information to keep my customers happy."