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LATE NEWS

WILL CO. CANDIDATE FOR SPRINT CALL UNIT

► Sprint PCS is looking at two locations in Will County for a customer service center that could employ 900 to 1,200 people, sources say. The wireless phone company, a subsidiary of Kansas-based Sprint Corp., needs a 90,000-square-foot facility operating by late summer. The Will County spots are in competition with Milwaukee and at least one other city, sources say. A spokeswoman for Sprint PCS declined comment.

BLOOMINGDALE'S EYES SITE FOR HOME STORE

► Bloomingdale's is considering opening a free-standing furniture store in Chicago and is seeking a site near North and Clybourn avenues, real estate and retailing sources say. Several other furniture retailers—including Crate & Barrel, Pottery Barn, Z Gallerie and Restoration Hardware—all have opened stores or plan to

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JOHN R. BOEHN

Senior housing to link Hyatt, hospital group

Talks with Advocate about upscale assisted-living deal

By MEERA SOMASUNDARAM

Advocate Health Care and Hyatt Corp. are negotiating to develop senior citizen housing in Arlington Heights in a partnership that could expand to other Advocate hospital sites.

Oak Brook-based Advocate,

Jumping in: Mary Fitzgerald, CEO of Advocate Health Care's elder care programs, says, "Assisted living has grown exponentially."

which owns eight area hospitals, is launching an initiative to diversify into the fast-growing sector of senior housing; assisted living.

Meanwhile, Chicago-based Hyatt's Classic Residence by Hyatt unit, under the leadership of President Penny Pritzker, has been staking out a leading position in the upscale senior-housing market.

The Chicago initiative, between not-for-profit Advocate and for-profit Hyatt, is being discussed. See SENIOR on Page 52

INSIDE

CRAIN'S SMALL BUSINESS

Divine intervention

Angel investors can help launch entrepreneurs who have a great concept but lack the money. We put the top 100 angel investors in Chicago and got on the difficult to find list to see who they are.

Anywhere CEO hangs hat is firm's home (office)

In fast-paced world, companies opt for virtual HQs

By KEVIN KNAPP

The accounting practice of Arthur Andersen LLP is based in Chicago, but managing partner Jim Wadia works in London. Andersen Worldwide, the firm's parent company, is Chicago-based,

but acting CEO W. Robert Grafton is in New York.

Andersen Consulting managing partner George T. Shaheen maintains offices in Palo Alto, Calif., where he lives, and in New York. But a company spokesman insists

that Andersen Consulting is tied to no particular locale: "We have no headquarters. Our consultants serve our clients wherever they are."

Welcome to the new world of virtual corporate headquarters,

where, amid increasing technology and globalization of business, the term "home office" is becoming little more than a semantic distinction.

"I can be virtually anywhere and still run my company," says Domenick J. Esposito, CEO of Chicago-based accounting firm

See VIRTUAL HQ on Page 54

When Y2K anxiety goes mainstream

Apocalypse economy: Demand surges for survival gear

By LISA MORRELL and BARBARA ROSE

Raymond Groban knew something unusual was stoking demand for his company's portable generators last fall, when sales picked up even after hurricane season ended.

Now, orders are rolling in to his

South Side industrial equipment company faster than he can fill them—and from unusual customers, like a Tinley Park church group that bought 50 5.5-kilowatt gasoline generators.

The sales surge reflects preparations throughout the Chicago area by people concerned about the year 2000, or Y2K, bug—a computer glitch with the potential to cause chaos.

See Y2K on Page 49

Heaven-sent help: an angel with money

Entrepreneurs short on capital yearn to be touched by an "angel"—a deep-pocketed investor. Plus: a list of the top SBA lenders. In Crain's Small Business. **Page SB1**



JOHN R. BOEHN

Generating concern: Raymond Groban of Groban Supply Co. says Y2K worriers are flooding his industrial equipment company with orders for generators.

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Y2K worries spread to mainstream consumers

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to disrupt power, communications and transportation systems after the stroke of midnight Dec. 31.

Preparations no longer are confined to fringe groups like survivalists and millennialists anticipating the end of the world. Otherwise unflappable working people, professionals and executives are getting ready for such unlikely worst-case scenarios as extended power outages, food shortages and financial collapse.

Says Mr. Groban, president of Groban Supply Co.: "What they're trying to do is become more self-sufficient."

Businesses waking up

Military surplus, hardware and outdoor-recreation stores report people buying lanterns, fuel-burning stoves, water filters and packaged food. Generator sales are soaring. Precious metals dealers are having trouble stocking small gold and silver coins.

"A great majority of (Y2K buyers) are rational, thoughtful human beings," says Charles McCarthy, manager of Uncle Dan's Camping & Travel Outfitters on Lincoln Avenue. "Each time I meet someone, it makes me feel like we should get more merchandise and capitalize on it."

Indeed, businesses are waking up to Y2K sales potential.

Chicago-based TruServ Corp., a cooperative serving some 10,000 stores including True Value hardware stores, will include a Y2K display featuring wood stoves, lanterns, fuel, batteries and flashlights at a buying market for members in Atlanta in April.

Oak Brook-based Ace Hardware Corp. will include a list of 50 to 100 Y2K-readiness items in a March newsletter to its more than 5,000 member stores.

"We are identifying items we feel are going to be good sellers," says Ace Merchandise Manager Jimmy Alexander, adding, "We've already sold three years' worth of oil lamps in the month of January alone."

At the same time, Ace and TruServ are advising members not to feed panic.

"If nothing happens and they sell all this merchandise," says Mr. Alexander, "then customers are going to bring it back."

Worry is heightened by the drumbeat of news generated by studies on system readiness. A U.S. Senate report last week said most U.S. utilities, big companies and federal agencies will have solved their computer problems by yearend, but warned that disruptions abroad are likely.

Even news about plans to avoid

problems—like the Federal Reserve Board's ordering \$50 billion in new currency to prevent a cash shortage—confirms some people's fears that officials expect calamity.

"It's almost a no-win situation," says Ralph Erber, chairman of DePaul University's psychology department. "No matter

In a sign that consumers are preparing for the millennium bug, True Value and Ace will feature Y2K-readiness items.

what one does, it ends up feeding the collective frenzy."

So do stories about people like a customer of Deerfield-based My Own Meals Inc., who ordered \$2,000 worth of military rations (360 meals) and plans to head with her family to a summer home.

My Own Meals Chief Financial Officer Joseph D'Onofrio says the company, which makes shelf-stable meals, has been getting 25 to 30 calls per week from Y2K worriers and plans to double its average inventory by May. "We're going to max out the warehouse," he says.

At Army Navy Surplus USA on Lincoln Avenue, manager Harold Hirsch set up a table displaying such items as water-purification tablets for \$3.99, a \$19.99 "survival kit" and Israeli gas masks for \$39. (Mr. Hirsch can't explain why gas masks may be needed.) A sign reads, "Be prepared for Y2K—it's coming."

Sometimes-sheepish Y2K shoppers have been trickling in to REI's Niles camping and recreational equipment store since last quarter. A 50-something man bought \$540 worth of freeze-dried eggs, while another stocked up on freeze-dried dinners. "He was acting like, 'Can you believe I'm doing this?'" says Niles Operations Manager Ellen Cohan.

Bottled water supplier Hinckley & Schmitt Inc.'s Chicago office answers several e-mail queries daily from Web site visitors wanting to know how to store water safely. ("Will water be drinkable by the time the new year rolls around if I start buying now?" a customer recently wrote.)

At GAT Guns Inc. in Dundee, manager Steven Ledin says customers tell him they are saving milk jugs and filling them with water. "We're selling more batteries, flashlights and, of course, firearms and ammunition," he says.

Psychologist Mr. Erber says when people are uncertain about what to do, they look to others

for confirmation. Buying survival supplies becomes a rational decision.

"You spend a relatively little amount of money, and if (a worst-case scenario) doesn't come true, you haven't lost a whole lot," he says.

Buying a generator becomes an easy decision because it's useful during weather-related power outages.

Says Craig Duchossois, CEO of Elmhurst-based Duchossois Industries Inc.: "I am so insecure with the power failures we're having now, I'm putting a backup generator in my home" next month.

Adds noted investment banker J. Ira Harris, who has tracked Y2K-related issues for months and is buying items such as hand-cranked lights and a water purifier: "I look at this like the purchase of insurance. . . I certainly don't look to collect."

Customers who haven't already ordered generators will find them in short supply. At Groban, the wait is six weeks to four months.

"Every segment of this business is booming," says Gilbert Voisin, owner of Lake Zurich-based Magil Corp., which specializes in lower-kilowatt generators.

Mr. Voisin's sales will triple this year and easily could go higher. "We don't supply everything we are asked to supply because this is nonsense," he says. "This is not the end of the world."

Tell that to some of the buyers flocking to precious metals dealers.

Goins out of stock

John Perschke, president of Deerfield's Bullion Equity Inc., says sales of small gold and silver coins are up 50% over last year, and he's having trouble keeping some in stock, like one-10th-ounce American Gold Eagles.

"People are afraid they're not going to be able to get their cash out of the banks," he says.

Y2K experts rate the banking industry as one of the best-prepared, largely because it's so highly regulated.

At the Federal Reserve Bank of Chicago, back-up power systems will be cranked up Dec. 31 as a

precaution and officials will begin continuous checks of systems from elevators to electronic-payments networks. They'll also be ready to supply cash to depository institutions, if necessary.

"We've got one chance to do it right and that's our objective," says First Vice-president William Conrad.

People who've been working on Y2K remediation for years are among the most relaxed about personal planning.

Fred Kowitz, Chicago-based

Ameritech Corp.'s year 2000 initiative director, says he's made a note to check with his insurance carrier to see if he's covered for circumstances like power failures.

Allan Graham, senior vice-president at Comdisco Inc., oversees the Rosemont-based technology services company's millennium testing center, where Fortune 500 clients are in the final stages of checking their systems.

He'll greet the millennium at one of Comdisco's three command centers. As for his home: "I'll make sure I have some wood because it'll be cold in January."

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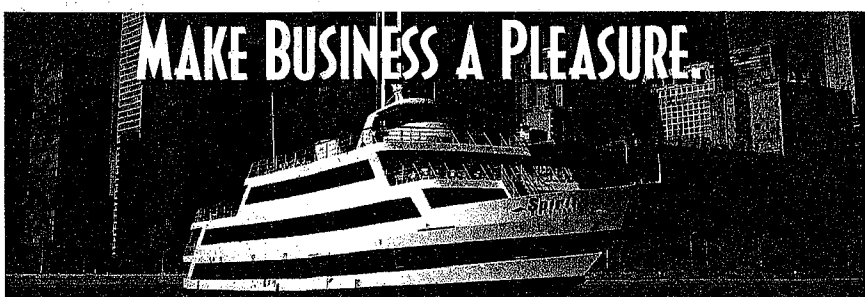
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Cushman names two regional operations execs

New York-based real estate firm Cushman & Wakefield Inc. has hired two prominent Chicago real estate veterans to head its regional operations. J. Leonard Caldeira, 54, former LaSalle Partners Inc. senior vice-president,

was named managing director of Cushman's suburban Chicago office in Rosemont, and David H. Latvaaho, 49, former president of Chicago-based Heitman Properties Ltd., was tapped to head the downtown office.

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