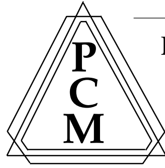


PERKINS
CAPITAL
MANAGEMENT, INC.

April 26, 2000

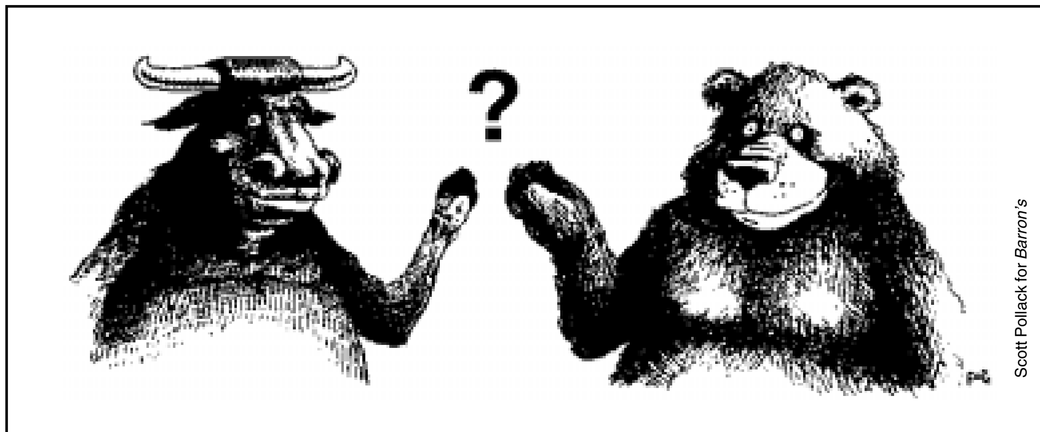
Dear PCM Client:

This year spring in Minnesota is pretty much reminiscent of last year. No tornadoes or floods although there was a big wind a few weeks ago - one of God’s tree trimming blows - and Southern Minnesota had some snow, but otherwise it’s the way it should be in spring. It nearly freezes at night (sometimes it does, for we see ice on the birdbath in the morning) and then it gets to°45 to°50 during the day. And that’s the way we move from winter to spring in Minnesota. The flowers are coming up, and the recent rain is really getting them on their way.

THE MUSIC IS ALWAYS CHANGING

Many years ago a speech given by Edward "Ned" Johnson, founder of Fidelity, was titled "The Music Is Always Changing." His point was that just when everyone at a dance seemed to be getting in step with the music and was at ease, then the music suddenly changed. It changed from a foxtrot to a waltz, or from a waltz to a Latin beat when least expected. For many of the dancers, that was an uncomfortable surprise. Mr. Johnson was relating this situation to the stock market and, as you can see, it is a very good analogy. Investors tend to move as a group, because it’s easy and comfortable to do what everyone else is doing as contrasted to going against the prevailing trend.

After last year’s wild ride in the Internet and other high tech stocks, which carried on into 2000, it looks like the music is changing again. The first quarter in the stock market was not very normal. It was wild and woolly, with the leadership moving from the so-called New Economy stocks to the Old Economy stocks and then back again. Even Bruin the Bear and Oxnard the Bull are confused, as you can see.



730 EAST LAKE STREET
WAYZATA, MN 55391-1769
TELEPHONE (612) 473-8367
TELECOPIER (612) 473-4702

The Fed raised rates twice during the quarter, with each event followed by market rallies as investors (speculators) blew them off as not serious, because they were only 1/4 point each. But for many, it was a very difficult quarter, especially for Julian Robertson of Tiger Management, the once famous $20 billion hedged fund. Julian was a "value" player whose performance lagged significantly as the New Economy stocks surged in 1999. Redemptions reduced it over time to about $6 billion (still a lot of dollars in our book), but he recently threw in the towel and will liquidate, stating that he just doesn't understand the markets anymore. As we all know now, tech stocks were the big winners again for the March quarter with the NASDAQ up 12.4%, but it could have been much more were it not for the very last part of March, with it off 8% for the last week resulting in a 2.5% loss for the month. Worse, April has witnessed a massacre (more on that later), which is generally blamed on the Microsoft decision. But that was just a catalyst, for the TNT stocks (tech, net and telecom) were overvalued and set to explode anyway, and just needed an excuse. Maybe the cartoon below will be wrong after all.

"Someday, son, all this will belong to Bill Gates."

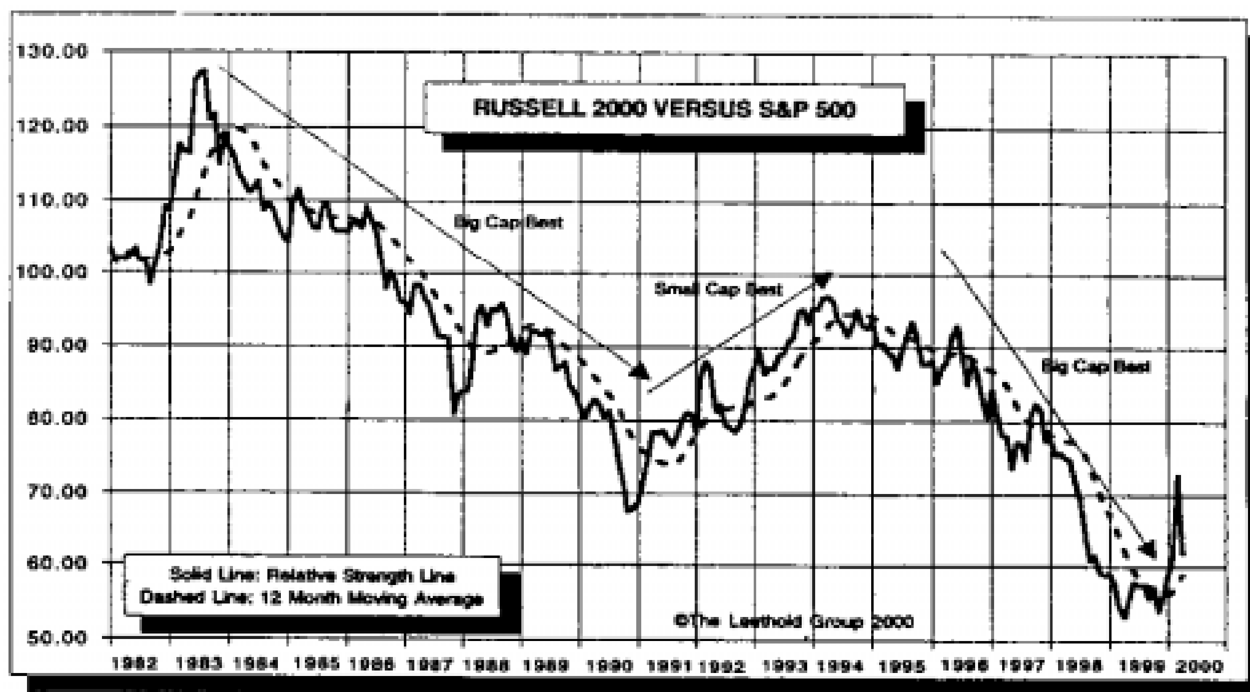
But, while the NASDAQ was down in March, the Dow was up 7.8%, despite the hammering of several large favorites, such as P&G and J&J. In the OTC market, accounting played a role when one high flyer, MicroStrategy, fell over 70% in two days after announcing a restatement of revenues and earnings for the prior year. Ditto for Legato, which fell dramatically for the same reason. And, to make matters worse many of the high flying Internet stocks took it on the chin for good fundamental reasons. Drkoop.com, Peapod and CD Now all reported financial troubles. Translated into English: we are out of money.

The dramatic shift from New Economy stocks to Old Economy stocks was labeled by the press as "repositioning," a new buzzword. New? We doubt it. It used to be called rotation. But money flow statistics show that $53 billion was pulled out of value funds last year and over $30 billion in just the first two months of this year. The dollars, of course, went into high tech and other aggressive growth funds, precisely at the wrong time. These flows not only caused valuations to increase in the tech sector as dollars were put to work, but decreased the valuations of value stocks as fund managers were forced to liquidate positions. A recent *Wall Street Journal* article described a real life situation which puts all of this into perspective. It was about three money managers at Neuberger and Berman, two of them running a 50-year-old large-company value fund, and the other one managing a small stock growth portfolio focused on technology stocks. The value fund was up only 8% in 1999, while the technology fund was up 130%. The article went on to say that every morning when the value fund managers arrived at the office they knew they were going to be faced with the usual withdrawal of about $4 million from the fund that day, forcing them to be sellers of the stocks they believed to be undervalued. On the other side of the coin,

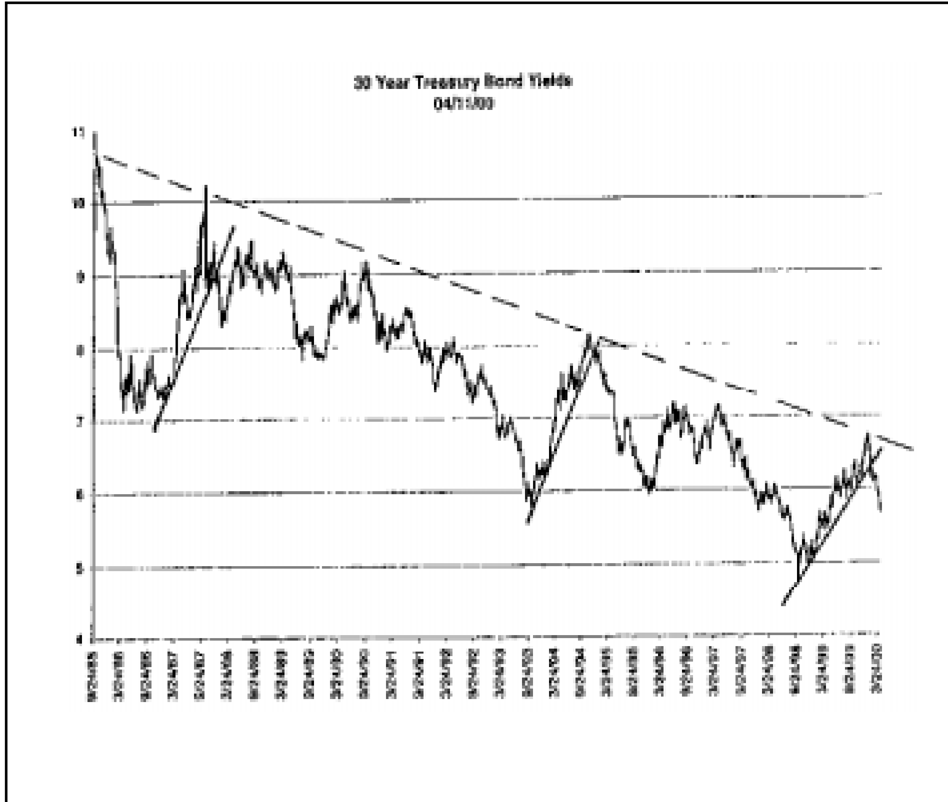
the tech fund manager, when he arrived at the office, was going to be busy investing the approximately $4 million in cash that came into his fund each day and so he was forced to buy stocks that were already overpriced. And this is the way it has been until very recently. Now, as a result of this sea change in the valuation of high tech, biotech, and Internet stocks, and the resurgence of the value stocks, the music is changing back again.

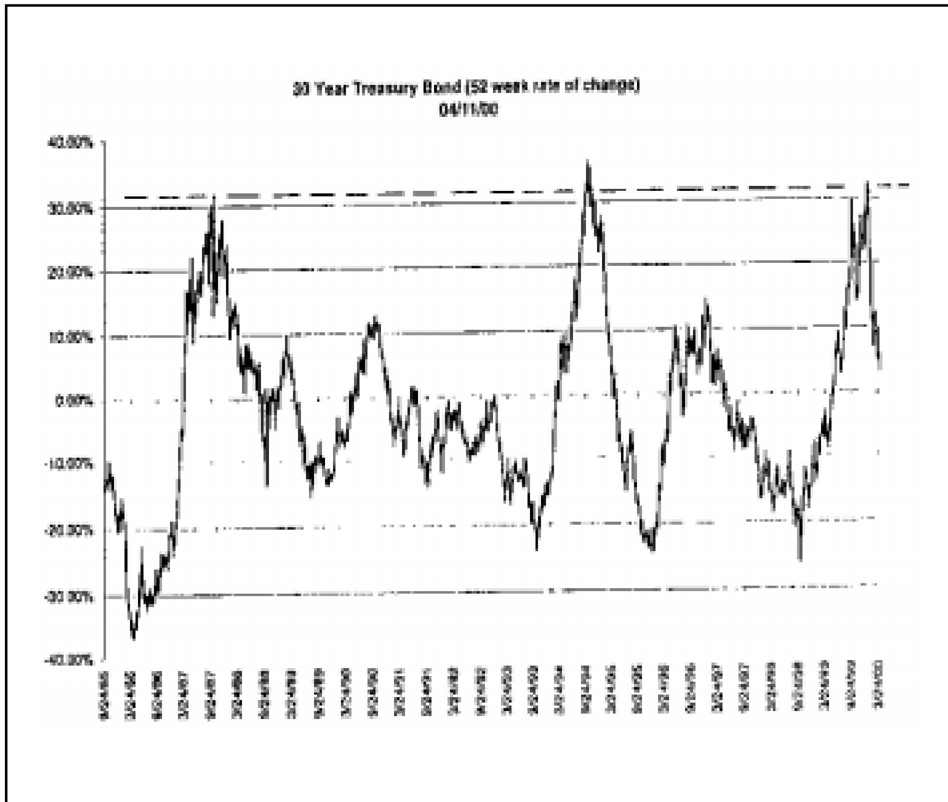
At Perkins Capital Management, however, it is business as usual, i.e., looking for stocks in which we can achieve investment performance. Our clients and readers know that we have been through good times and bad times; but through hard work and adherence to investment principles, it works out in the end. For the most part, our accounts did very well in 1999 as did the Opportunity Fund and the Discovery Fund.

The music also changed for us as the small-cap stock environment turned decidedly for the better in the fall of 1998 and has continued on into the year 2000. The chart shown below of the Russell 2000 vs. the S&P 500 is very interesting and deserves some explanation. The Russell 2000, by the way, is the smallest 2000 stocks in the Russell 3000 and therefore represents small-cap stocks, whereas the S&P 500 represents 500 of



the largest companies. Take a careful look at the chart and you will see that when the music changed in 1983 it represented the end of a strong period for small-cap stocks that had begun at the bottom in 1974 and lasted seven years. Then, for the next seven years, to the fall of 1990, small-cap stocks were generally out of favor, and the larger companies carried the day. But then in the fall of 1990, the music changed, and the performance of small stocks improved for four years until 1994, and then the music changed again, until the fall of 1998 (although the chart shows 1999 as the bottom). And now, we believe the sea change that's taking place in the valuation of small-cap stocks could very well continue for five to seven years, just as it did following the 1974 market bottom.





Source: U.S. Bancorp Piper Jaffray Inc.

And where do you hide if you don't want all of your assets in stocks? How about long bonds or better yet very long zeros? You may think we have gone bonkers with the Fed continuing to raise interest rates, but sentiment and the charts say this is the time - in fact, a little past the ideal time. The chart of 30-year bond yields dating back to the fall of 1985 shows the clear downtrend from that peak in rates as well as a change in the short-term uptrend which began in September 1998. And the chart of the 52-week rate of change clearly shows the trend has changed. So, bonds are a buy and the longer the better. What is the message being sent here? Probably one or more of these: 1) inflation is not going to be a problem 2) the Fed is through raising short-term rates and 3) an economic slowdown lies ahead.

During the first part of April the NASDAQ had been weak, carrying further the weakness of late March. Then on April 14, everything fell apart and the NASDAQ dropped 355 points or 9.7% and the Dow lost 617 points or 5.7%. While the press wants us to believe the worst by describing the Dow decline as "the largest drop ever" that is only partially true because that is in Dow points not percentages. The table shows it to be the fourth worst decline in percentage terms.

Rank	Date	Close	Point Change	Percent Change
1	4/14/00	10,305.77	-617.78	-5.66%
2	10/27/97	7,161.15	-554.26	-7.19
3	8/31/98	7,539.07	-512.61	-6.37
4	10/19/87	1,738.74	-508.00	-22.61
5	3/7/00	9,796.03	-374.47	-3.68
6	1/4/00	10,997.93	-359.58	-3.17
7	8/27/98	8,165.99	-357.36	-4.19
8	8/4/98	8,487.31	-299.43	-3.40
9	2/18/00	10,219.52	-295.05	-2.81
10	1/28/00	10,738.87	-289.15	-2.62

In our January letter we reviewed the consistent pattern in the market in which it always marks a significant bottom in every year ending in zero. As we pointed out these declines may start in the 9th year, or in the 10th year, but they always end in the 10th year. Repeated below is the table showing those 10th year declines as printed in our January letter. These 10th year declines have averaged 28% since 1990, but have usually resulted in a rise into the next year. We're still totally convinced that we will see a significant bottom sometime during the year 2000 in the Dow Jones, which is the usual measure of the market, although today the NASDAQ is getting most of the attention. Did we see that bottom on April 14? We don't think so; it should be later in the year.

DECLINES INTO 10m YEARS & FOLLOWING RISES

Start Of Decline	% Decline	End Of Decline	Next High	% Rise
5/17/1890	-22.6%	12/8/1890	3/4/1892	+30.3%
9/5/1899	-31.8%	9/24/1900	6/17/1901	+47.8%
11/19/1909	-26.8%	7/26/1910	6/19/1911	+18.3%
11/3/1919	-44.2%	12/21/1920	5/5/1921	+19.9%
9/3/1929	-58.7%	12/16/1930	2/24/1931	+23.4%
9/12/1939	-28.3%	6/10/1940	11/9/1940	+23.5%
6/12/1950	-13.5%	7/13/1950	1/5/1953	+48.8%
1/5/1960	-17.4%	10/25/1960	12/13/1961	+29.8%
7/3/1969	-28.8%	5/26/1970	4/28/1971	+50.6%
2/13/1980	-16.0%	4/21/1980	4/27/1981	+34.9%
7/17/1990	-21.2%	10/11/1990	1/31/1994	+68.2%
Averages				
1/14 of 10th yrs	-28.1%	9/03 of 10th yrs	13.9 Mos.	+36.0%

Source: Growth Fund Research, Inc.

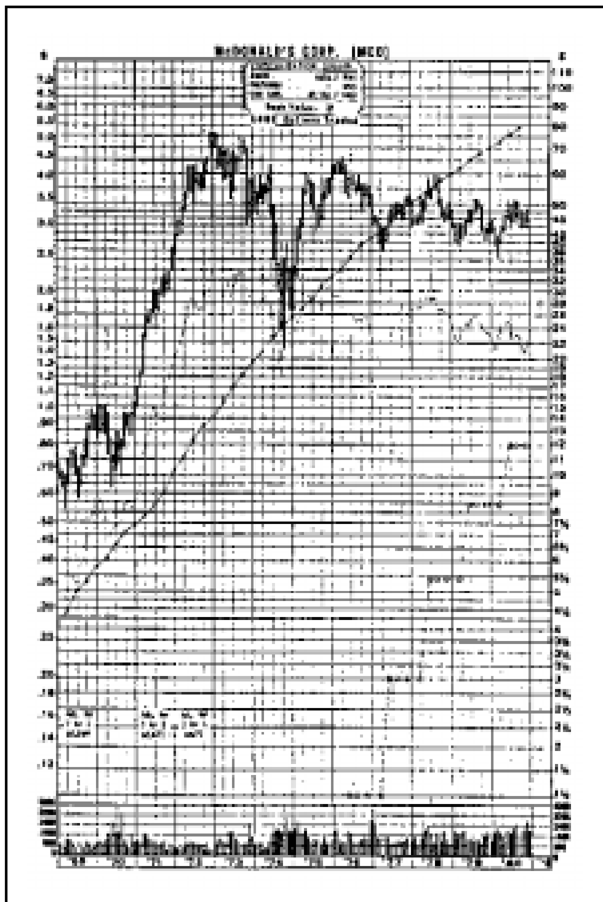
In previous letters we have talked about the late Edson Gould and his "three steps and a stumble" rule, which stated that whenever the Federal Reserve raises the discount rate or margin requirements three times in succession that is predictive of a market decline. History of the three steps and a stumble rule shows that there have been 14 instances since 1919 when it could be applied, and on average it is a leading indicator with the average lead time to bear markets of about 69 market days. Based upon recent Fed action this sell signal was given on November 16, 1999, if we use the Fed Funds rate, but on February 2, 2000, if we use the discount rate. This time around it may be just a little

different, because the Fed has been moving in $^{1}/_{4}$ point steps in the Fed Funds Rate whereas previously they moved in $^{1}/_{2}$ point steps. Accordingly, this time we may have needed more $^{1}/_{4}$ point cuts to bring about the stumble. In any event, we feel that this rule has been activated and that we are on our way to that 10th year bottom.

"Nice seeing you again, Mr, Sim, when was the last time, 1974 or 1987?"

The severe decline on April 14 was very reminiscent of "Black Monday" in 1987. We had hoped that we would not have to suffer through another such traumatic decline, but we were not spared that extreme pain. That 1987 debacle was about 13 years ago, and 13 years before that we suffered through 1974, and 12 years earlier 1962. We are sure more than one investor or broker went to church on Sunday, as shown in the cartoon.

WE'VE SEEN THIS MOVIE BEFORE



Source: Secunties Research Company

Following the market bottom of 1966, and during the period from that bottom to the 1972-1973 high, we witnessed a period of time called the Nifty Fifty era, where many stocks with good prospects and high growth rates were bid up to prices and P/E ratios that were "out of sight." We have referred to this period many times in our client letters and have shown charts of stocks that have risen much faster than earnings, such that they became very overvalued. To clearly illustrate that period of time we are showing you a chart of McDonald's Corp., for the period 1969 to 1980. The chart shows that McDonald's earnings were growing very rapidly during that time, something on the order of 30% per annum. It is easy to see from the chart that the price of the stock moved ahead faster than the earnings and when the market topped out in 1973, McDonald's was selling at its high at about 85 times earnings for calendar 1972. Despite the fact that its earnings kept growing at a rate almost equal to the past, the stock declined from its 1972 high of

about 76 to a 1974 bear market low of about 22, a decline of 76%, to a P/E of about nine times 1980 earnings. Please note that despite the recovery of the stock price from that 1974 low, it underperformed for many years and did not get back to the 1972 high of 76 until 1982, ten years later. The point of all this is to show that overvaluations are just that - overvaluations - and that it can take a very long time for prices to recover.

In Gary Schilling's March INSIGHT publication, there was a very "insightful" table, shown below, containing 35 darling stocks of the 1966 to 1972-3 Nifty Fifty era. The table shows the high price reached for each of them in the 1966-1973 market rise, the low price reached in the 1974-76 bottom and the percent decline. These declines range from 98% for Savin, a darling stock at the time, to 48% for Hewlett-Packard, a very high quality company and an exemplary stock of that time and our present time. The point of all of this is, of course, is to show what can happen when the air comes out of the balloon, especially a balloon that has floated too high. The valuations that existed prior to the March and April NASDAQ massacre were in many cases absurd. Looking at history it is clear that extreme valuations need to be corrected and they are often corrected extremely. It can take several years from the top to the real bottom with many intervening rallies, but the hard solid bedrock bottom is not reached until there is complete capitulation - the final throwing in of the towel. Look again at the stocks in the table. Some of these companies are no longer with us today having been merged or sold, but many of them are very fine companies of today, such as Automatic Data Processing, Hewlett-Packard, Honeywell, IBM, Motorola, National Semiconductor and Texas Instruments. These are not one-day wonders, but very good companies.

Performance Of Selected Technology Stocks: 1966-1976

Company	1966-1973 High ($)	1974-1976 Low ($)	% Decline
Addressograph-Multigraph Corp.	92.00	3.00	-96.74
Ampex Corp.	50.00	2.00	-96.00
Automatic Data Processing Inc.	50.00	10.50	-79.00
Bunker-Ramo Corp.	65.00	3.00	-95.38
Burroughs Corp.	125.00	61.00	-51.20
California Comp. Prod. Inc.	55.00	2.00	-96.36
Computer Servives Corp.	34.00	1.50	-95.59
Control Data	173.00	9.50	-94.51
Data General Corp.	49.00	8.50	-82.65
Dictaphone	38.00	6.00	-84.21
Digital Equipment Corp.	125.00	45.00	-64.00
Electonic Data Systems	160.00	10.50	-93.44
Fairchild Camera & Instrument Corp.	145.00	16.50	-88.62
GCA Corp.	55.00	2.00	-96.36
General Instrument Corp.	72.00	4.25	-94.10
Hewlett-Packard Co.	100.00	52.00	-48.00
Honeywell Inc.	170.00	17.50	-89.71
International Business Machines*	91.25	37.50	-58.90
Itek Corp.	170.00	4.75	-97.21
Milgo Electronics	41.50	5.75	-86.14
Mohawk Data	111.00	2.25	-97.97
Motorola	70.00	32.00	-54.29
National Cash Register	81.00	29.00	-64.20
National Semiconductor Corp.	36.00	6.25	-82.64
NCR Corp.	85.00	13.75	-83.82
Oak Industries	49.00	5.00	-89.80
Savin Business Machines Corp.	72.00	1.25	-98.26
Simmonds Precision Products	46.00	2.25	-95.11
Sony Corp.	18.25	3.50	-80.82
Sperry Rand Corp.	65.00	18.75	-71.15
Telex Corp.	32.00	0.50	-98.44
Texas Instruments Inc.	140.00	60.00	-57.14
Victor Comptometer Corp.	92.00	3.50	-96.20
Wang Laboratories Inc.	63.00	6.50	-89.68
Xerox Corp.	170.00	46.00	-72.94

**Adjusted for 4-for-1 stock split* *Source: Marc Faber Ltd.*

★GENERAL ELECTRIC CO. (GE)

12%

AUTOMATIC DATA PROCESSING, INC. (AUD)

14%

CISCO SYSTEMS, INC. (CSCO)

25%

CISCO SYSTEMS, INC. (CSCO)

25%

Source: Securities Research Company

On the preceding page are charts of four stocks that we think fit that overvaluation criteria today. There are many more but we are showing only four of them here for illustration purposes; two are large Old Economy stocks - General Electric and Automatic Data Processing - and two are New Economy stocks - Cisco Systems and Veritas Software. Look at them carefully and you will see the widening of the spread between earnings and price, i.e., a higher P/E ratio as time has progressed. We wrote about General Electric in our October 1999 letter when we included a chart of it and Proctor and Gamble showing the overvaluation that existed for both of them following their 1972 peaks - a price that was not seen again for 13 years for P&G and 10 years for GE. Since that letter P&G has announced a change in earnings expectations and has fallen from 100 to 70, having been as low as 53. GE, meanwhile, has reported better then expected earnings, which are characterized by management as being "above our anticipated long term growth rate," which has been 12% since 1976.

For many years, it has been popular to value stocks at a P/E ratio of 1 to 1.5 times the company's growth rate. For GE, that would be a 12 to 18 P/E ratio, and, in fact, for the periods when it has not been overvalued it has traded in that range. But now the P/E is 48 times 1999 earnings per share and 40 times the estimate for this year. Our view is that this overvaluation will ultimately result in a downward revaluation. The same is true for the other stocks. Automatic Data Processing has a 14% growth rate and should therefore sell for 14 to 21 times earnings as it did for many years in the past. Cisco and Veritas have faster growth rates, around 25% in recent years for Cisco and 40% for Veritas, and should therefore sell at higher P/E ratios, but probably not at 160 and 300 times earnings respectively, which is where they were selling prior to the April massacre. Today's price has been marked with an X on the charts so you can visualize the decline necessary for prices to reach a realistic level.

THE CHARGE OF THE LIGHT HEADED BRIGADE

Market valuations today are influenced more by market psychology than by fundamentals. Maybe we are just getting too old (certainly Perk is) to have any respect for the valuations that are being foisted upon us. The hype machine of the ubiquitous CNBC and CNNfn programs to be seen on the televisions in airport lounges, bars, health clubs and any other gathering places extol potential overnight riches for any individual investor. A recent *Business Week* cover story "The Hype Machine" was in fact critical of the Wall Street marketing effort aimed at individual investors. The lunatics truly were in charge of the asylum. We routinely saw

new issues at 50 to 100 times revenues, if indeed there were any revenues, with market caps of up to $1 billion and sometimes more, all based on some assumed future happening. Was this nuts or what? Any company associated in some vague way with the Internet was destined to be a winner. We think this game is over, it's just that not everyone knows it yet. Was the run-up in these stocks, which was translated into the extreme rise in NASDAQ a true bubble, similar to the other bubbles pictured in the chart shown here? Only time will tell, but certainly valuations of the Internet stocks were extreme at the highs, and still may be. We know from experience that valuations go too high on the upside, and too low on the downside. It was always that way, and will be again. As someone once said, "if the world was logical, men would ride sidesaddle."

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THE S_ _ _ _ HITS THE FAN

No that's not a four-letter word. It has five letters as in SMOKE. We've written about smoke on many previous occasions, the latest being July 1994 and January 1998. Just when the tobacco industry thought its biggest problem was behind it with a Federal and various state government settlements, a Miami jury has awarded $6.9 million to a former smoker with terminal lung cancer and to the estate of another who recently died of lung cancer. These were the awards made recently by the same jury that last summer found that cigarette makers acted with reckless disregard by manufacturing an addictive and

deadly product while conspiring to mislead the public about the health risks of smoking. This is a very complex and protracted state class action suit, which was filed in May of 1994 by a husband and wife legal team who seemed to be hopelessly outmatched by industry lawyers with massive legal fight power. But Stan and Susan Rosenblatt are having a great amount of success, and now the next part is for jurors to give a lump sum punitive damage award for all Florida residents who can prove they were made sick from smoking. This is a big class, estimated to be as large as 500,000 in just Florida alone. Similar class action suits will likely pop up all around the country; the next one is scheduled to start next January in Louisiana. And as if this isn't enough, the Federal Government has now sued the industry to recover healthcare costs incurred by the government in treating smokers; this trial will begin in January 2003. There are numerous other cases in the works or under appeal, and it looks to us like the camel has finally gotten his nose under the tobacco industry tent. All of this can go on for a very long time and can be very costly for tobacco companies. It would not be wise to own any tobacco stocks, in our view.

COLLEGE BOUND

Perk's grandchildren are growing up faster than weeds. Just last year son Dick took his daughter, Perk's eldest grandchild, off to look at colleges. How that seventeen years flew by is simply unbelievable. Sara's choice after visiting many schools was the University of Pennsylvania, where she applied for early admittance and already received it, so she'll be on her way there next fall. Sara, a tall, attractive young lady, is very excited about the biology department and their business school, Wharton.

Another of Perk's granddaughters, Allison (Pam's daughter), is a junior at Stoneleigh-Burnham School in Massachusetts and is now looking at colleges. Alii, who is an equestrian, wants to attend a college with good horse facilities and an exceptional riding program. During Alli's spring break, from March 13-17, her grandpa Perk took her to Virginia, Maryland and Pennsylvania looking at qualifying schools. They visited Hollins University (Roanoke), Randolph-Macoms Woman's College (Lynchburg), Sweet Briar College (Lynchburg), Goucher College (Baltimore) and Wilson College (Chambersburg, PA). They put 1,754 miles on the Alamo rental car and had a great trip. The next week her maternal grandmother took her to see Skidmore College in Saratoga Springs, NY and Mount Holyoke College and Smith College, both in Massachusetts near her present school. And so how do they stack up in her ranking system? Sweet Briar and Hollins are tied for first with Skidmore next (co-educational) and then Mount Holyoke and Randolph-Macoms. Smith, Goucher and Wilson didn't make the grade. We learned a lot including the fact that Alii needs to submit a video of her horse so he can also be accepted. Can you believe it?

When Perk returned he was to have two days in the office and then head for Hong Kong with Dana and her daughter Bridget (Perk's surrogate daughter) for nine or ten days. But with the stock market in turmoil, Perk opted to stay home and tend to business. Oh well, he's been to Hong Kong many times already. Bridget is a terrific writer so our addendum

this quarter is the e-mail she sent from Hong Kong. The other side of the page is a very humorous e-mail story that came to us from Bryan Reichel at PureChoice.

The cartoon below speaks to the issue of animal rights and the stock market.

Sincerely,

Perk Dan Dick

Richard W. Perkins, C.F.A.	Daniel S. Perkins, C.F.A.	Richard C. Perkins, C.F.A.
President	Vice President	Vice President
Senior Portfolio Manager	Portfolio Manager	Portfolio Manager

RWP:DSP:RCP/jah

"I think I speak for all bears when I say your use of our name to connote a lousy market is highly insensitive."

E-mail from Bridget Rocheford

Greetings everyone!

So here I am in Hong Kong Remember that college campus game where the object was to see how many people could fit in a phone booth or a VW bug? Give 70% of them cell phones and you have a fairly accurate picture of Hong Kong. People here seem to think that chatting on a cell phone while crossing a busy street or while packed on the subway, (or eating, or using the restroom) is indicative of one's status as a dynamic and upwardly mobile individual. It doesn't seem to have occurred to them that really important people are difficult to contact. It's an interesting phenomenon; and quite humorous. If anyone develops a cell phone brain implant, I think there's a willing test market here.

For the last few days the air pollution has been at record high levels. I'm told it's sunny out, but the smog makes that report difficult to verify.

I've spoken to several people about the Chinese reclaimation, and most are unphased by it. Thus far, it hasn't interfered with their ability to make money; until it does they could care less about who governs them. Fine capitalists, all of them.

In this city of over 6 million people, I ran into a buddy of mine who was here visiting his parents. After we got over the initial shock, we enjoyed a day at the Country Club, sipping tall cool ones and wondering what all the poor people were doing.

There is still a sizeable expat community here, hanging on to symbolic remnants of colonial culture. They live in a sort of splendid isolation from the chaos. Though they live well, (to say the least), they miss out on the colorful "underside" of the culture.

I went to a market the other day. I can confidently say that the FDA has never been to Hong Kong. Cats, dogs, monkeys, children, unidentified meats hanging from racks, dead pigs resting on the sidewalks. It was great. The trick to eating is to simply point at the thing on the skewer. The food here is mostly Cantonese. You don't get Schezuan cuisine on the street. At some of the finer restaurants, they have developed an interesting sort of French-Cantonese fusion food that is not to be missed.

I saw a fascinating Taiwanese film yesterday. It was an action movie, but it was made using puppets. Sort of like John Woo meets Sesame Street; with some computer animation to smooth the effects. It was surreal, and I was told that the producers are working on an English language version. Outside the pale of Hollywood, there is excellent work being done. It's refreshing to see film that doesn't adhere to pre-formatted Hollywood conventions.

Today is my last day here, and I'm heading off to the Tiger Balm gardens. I've seen pictures of them, and from what I can tell, they are the Wall Drug of Hong Kong. Totally schmaltzy and grotesque; so they should be fun.

Miscellaneous advice: renting a motorcycle is not worth the stress. There are no driving "patterns" here. It's a circus.

Confucius say: "Software floats freely in the Tao. The wise will reach up and take only what they need. Americans will gorge themselves and think they have found heaven. The customs agents may not agree."

I'm sure I will burden you all with more tales of the overcrowded and macabre when I return. Until then, be well.

Your agent in the Orient,
Bridget

E-mail from Bryan Reichel of PureChoice

An American investment banker was at the pier of a small coastal Mexican village when a small boat with just one fisherman docked. Inside the small boat were several large yellow fin tuna. The American complimented the Mexican on the quality of his fish and asked how long it took to catch them.

The Mexican replied, "only a little while."

The American then asked why didn't he stay out longer and catch more fish?

The Mexican said, "1 have enough to support my family."

The American then asked, "but what do you do with the rest of your time?"

The Mexican fisherman said, "1 sleep late, fish a little, play with my children, take siesta with my wife, Maria, stroll into the village each evening where I sip wine and play guitar with my amigos. I have a full, busy life."

The American scoffed, "1 am a Harvard MBA and could help you. You should spend more time fishing and with the proceeds, buy a bigger boat and with the proceeds from the bigger boat you could buy several boats. Eventually you would have a fleet of fishing boats. Instead of selling your catch to a middleman, you would sell directly to the processor, eventually opening your own cannery. You would control the product, processing and distribution. You would need to leave this small coastal fishing village and move to Mexico City, then Los Angeles and eventually New York City where you will run your expanding enterprise."

The Mexican fisherman asked, "But, how long will this all take?"

To which the American replied, "fifteen to twenty years."

"But what then?" asked the Mexican.

The American laughed and said, "that's the best part. When the time is right you would announce an IPO and sell your company stock to the public and become very rich. You would make millions."

"Millions... Then what?" the Mexican asked.

The American said, "Then you would retire and move to a small coastal fishing village where you would sleep late, fish a little, play with your kids, take siesta with your wife, stroll to the village in the evenings where you could sip wine and play your guitar with your amigos."