

PACKARD ELECTRIC

Cablegram

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Discounts, refunds also apply

GM rebate program underway

Packard Electric hourly and salaried employees and retirees eligible for a company refund or discount in

purchasing new 1981 General Motors vehicles are also eligible for cash bonuses as part of the corporation's

"Let's Get America Rolling" campaign.

The cash bonuses, or rebates, depend on which of the 11 qualifying subcompact and intermediate models are purchased and the program for which the individual employee is eligible, reported Bruce Gullberg, Hourly Employment, and Tom Habel, Salaried Benefits.

In this promotion which began last week and continues through March 19, qualifying models carry with them the bonus as long as the buyer takes delivery of the vehicle during the period. Cars ordered during the period but not delivered prior to the end of the period do not qualify the buyer for the bonus, Gullberg and Habel reported.

Hourly refund/bonus

Gullberg advised hourly employees planning to purchase a 1981 GM car during this time to "make the best deal first." The dealer handles all aspects of the bonus plan while Hourly Employment will continue to handle the GM refund program. Since all the designated vehicles in the promotion are subcompacts and intermediates, only the \$235 refund will apply and that money will reach the employee through his or her paycheck after completion of the necessary paperwork at Packard.

"Hourly employees should be aware that the cash bonus may be assigned to the participating dealer to help offset the purchase price of the vehicle, or a check from GM payable to the employee will be sent to the dealer for presentation to the employee."

Gullberg added that any vehicle previously used by General Motors in company service does not qualify for the bonus.

"Since the dealer is contributing to the cost of the cash bonus, along with GM, the full bonus will apply when the 'best deal' is made," Gullberg said.

In the bonus plan for hourly employees, the following bonuses apply in addition to the \$235 refund for these models:

\$500 bonus: Chevrolet Chevette, Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega, Buick Skylark.

\$700 bonus: Chevrolet Camaro, Chevrolet Monte Carlo, Pontiac Firebird, Pontiac Grand Prix, Oldsmobile Cutlass Supreme, Buick Regal.

Salaried discount/bonus

Habel reported that salaried employees purchasing and taking delivery of one of the qualifying models (Continued on page 2)



THE HANDS of Virgil Linger at work filing an escape wheel for one of his handmade clocks. More photos and a feature story appear on page three.

Profit and loss: The nuts and bolts

by Joe Tori

(Editor's note: In 1980, for the first time since 1921, General Motors lost money. In a year characterized by depressed vehicle sales and sky-high interest rates, GM reported a loss of nearly \$763 million.)

Last week, in its most recent effort to spur vehicle sales, the corporation announced a four-week rebate program.

In order to gain a better understanding of the corporation's operating loss and the rebate program, and their implications on the future of GM and Packard Electric, The Cablegram talked to Divisional Comptroller Raymond Connolly, Packard's chief financial executive.

In addition, we've included concise explanations of some useful economic terms in the box on this page.)

What effect has GM's operating loss had on Packard Electric? According to Raymond Connolly, divisional comptroller, "It has hurt us badly."

A business, Connolly said, exists because of investment. GM has some 1.3 million shareholders who have a right to expect a return on their

investment, he explained. He noted that a business must provide for a fair return on its shareholders' investments while providing cash for the growth of the corporation. "We don't get money to invest with a loss," he stated.

"This is why we must return to profitability," he emphasized. "We can't look at the future and say we're going to have a loss."

In the past, GM was able to provide for both its investors and investments, because of the great demand by the American public for cars and trucks. In 1979, for example, GM had net earnings of \$2.9 billion and was able to pay its shareholders a dividend of \$5.30 per share of common stock. Earnings in 1978, a record year, amounted to \$3.5 billion with a dividend of \$6.00 per share of stock. However, in 1980, with a loss of \$763 million, GM was able to pay a dividend of only \$2.95 per share.

But, where does a corporation get money to invest and pay a dividend when there is a loss?

"If you had losses for several years in a row, obviously you couldn't afford to continue to invest and pay (Continued on page 4)

Understanding the bottom line

Profit — the result of selling a product at a price which exceeds the cost to produce it.

Loss — the result of selling a product at a price which is less than the cost to produce it.

Costs — the amount of money required for labor (wages, salaries and benefits) and services (items such as utilities and rentals).

Net income (earnings) — the amount left after taxes have been paid.

Profit margin — net income expressed as a percent of sales dollars.

Sales — the money a company has received for the goods and services it sold.

Investment — the amount of money required to provide the necessary land, buildings and equipment to build products.

Market — customers to buy a company's product.

Stock — a certificate evidencing the holder's extent of ownership in a company; provides for a company's investment.

Dividend — the amount paid per share per year to holders of stock (usually made in quarterly installments.)

News- -briefs

Washington visits Detroit

U.S. Department of Transportation Secretary Drew Lewis reportedly told auto executives and union leaders in his visit to Detroit last week that such matters as "wage levels, car prices and basic automotive investment decisions cannot be handled exclusively in Detroit." According to the Detroit Free Press, Lewis specifically is asking the UAW for restraint in wage demands and the auto companies for restraint in pricing. The newspaper says the secretary's requests may be the "price" required for government quotas on shipments of Japanese cars to the U.S.

Pontiac T-body

Pontiac Motor Division announced that the new Pontiac T1000, introduced at the Chicago Auto Show, will be available in dealer showrooms late in March. Based on GM's T-body, the T1000 is Pontiac's entry in the subcompact field. It will be available as a three-door and five-door hatchback, and will be powered by a 1.6-liter four-cylinder two-barrel engine with a fully-synchronized four-speed manual transmission or optional three-speed automatic transmission.

Car prices relatively low

Although inflation has taken its toll on car prices, stickers today have never been lower when compared to median family income, reports the Automotive Information Council. AIC's annual price-income index shows that in 1981, it will take 34.8% of the annual family income to buy a new car, down from 35.1% in 1980 and 35.5% in 1979. In 1960, it took slightly more than 50% of the median income to purchase a new car, and in 1950 it was 70%.

Regulating the regulators

"No fewer than 20 major federal regulatory agencies were established in the decade of major regulatory growth, the 1970's," according to Harry N. Rosenfield, general counsel for the National Safety Council, in the January/February issue of the council's "Traffic Safety" magazine. Rosenfield reports that in the last four or five years dissatisfaction with the regulatory process has been widely expressed, and that a growing consensus is developing that improvement of the quality of regulatory functions and the regulatory process is urgently needed. He said the Council's position on the question of whether safety really matters to the American people, and what should be done legislatively about regulatory reform concerning safety and occupational health, "may well be the most effective way to make safety 'safe' in Washington."

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Discounts, refunds still good

GM commences rebate program

(Continued from page 1)

during the promotion period may receive a special cash bonus in addition to the full maximum product discount, commonly known as "Class A."

"Because of the nature of the 'Class A' program, there is a difference in the amount of the bonus offered to salaried purchasers during this promotion," Habel said. "The difference is that there is no 'dealing' in a 'Class A' purchase; the price is set. Dealer costs have no bearing on the 'Class A' transaction therefore his portion of the bonus plan will not apply and the bonus that salaried employees will receive is GM's portion of the plan," Habel explained.

In the salaried plan, the cash bonus may also be assigned to the dealer to help offset the purchase price, or a check from GM payable to the employee will be sent to the dealer for

presentation to the employee, Habel noted.

"The cash bonus applies to specified models delivered by participating dealers during the promotion period, including those ordered prior to Feb. 18, 1981 under the maximum discount plan. Cars ordered during the promotion period but delivered after March 19, 1981 will not qualify for the cash bonus. Therefore, in most cases, to take advantage of the cash bonus, it will be necessary for the salaried employee to purchase a vehicle under the previously announced temporary procedure which permits selection directly from the dealer's inventory.

"Dealer-owned demonstrators, if purchased at the salaried employee discount price, also qualify for a cash bonus. However, the cash bonus will not apply to any vehicle previously used

by GM in company service," Habel stated.

The following models qualify for a cash bonus along with the maximum employee discount (Class A):

\$300 bonus: Chevrolet Chevette, Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega and Buick Skylark.

\$400 bonus: Chevrolet Camaro, Chevrolet Monte Carlo, Pontiac Firebird, Pontiac Grand Prix, Oldsmobile Cutlass Supreme, Buick Regal.

Employee questions

Warren employees with questions concerning the refunds, discounts and the promotion may contact Gullberg at ext. 3060, or Habel at ext. 2072. Clinton employees may contact Myrtle Cowherd at ext. 263, and Brookhaven employees should contact Henrietta McMillan at ext. 208.

Packard's man in Koenigstein helps Opel prepare for 'J' startup

The town of Koenigstein lies 20 kilometers west of Frankfurt in West Germany. The beef there is not as good as in the U.S., but the pork and veal are excellent. Oh, and fresh vegetables are readily available. But, this is not a review of German cuisine, nor German eating habits. This is an article about Packard's man in Germany.

Dave Burgner has lived in der Stadt Koenigstein for one-and-a-half years and represents Packard to GM's Opel division in Germany. Burgner is responsible for sales and product engineering, and represents Packard Ireland Limited and Packard Warren to the large German automaker.

Opel, a division for 51 years, is capable of building one million cars annually, making it roughly the same size as Pontiac in the U.S.

Opel presently purchases a major portion of its wiring harnesses from Packard Ireland and Kabelwerke Reinshagen, soon to become a subsidiary of General Motors, and 100 percent of its ignition cable and subassemblies from Packard, Warren.

According to Burgner, "Packard has been given lead responsibility for the German equivalent of the J-car, to be produced by Opel. Burgner said Packard has been given responsibility for the J-car's harness design, prototypes and pilots. Production of the Opel "J" is scheduled to begin in 1982.

Burgner, who works closely with Opel's Purchasing and Production Control group, said that Packard Ireland will begin producing harnesses on May 4, for vehicle production which will begin on July 27, in Russelsheim.

Burgner called the program a learning process for both Packard and Reinshagen.

Burgner recalled that he underwent approximately half a year of intensive language training both here and abroad, and added that he has not had much trouble adapting to German culture.

As for cultural differences in business, Burgner said "Germans are very formal. They address one another by 'Herr' and 'Frau' and not by first names, unless good friends." He added that they are very prompt and punctual.



OPEL'S HEADQUARTERS in Russelsheim, West Germany.

European business activity prompts Packard changes

Several organizational changes at Packard will be effective March 1, due to the growth of General Motors interests in European wiring harness operations, reported W. Blair Thompson, Packard Division general manager.

Thompson said the changes are being made because of "required increased liaison on the part of Packard Electric with these organizations.

Following are the organizational changes:

- Barry D. Corle is appointed Assistant Divisional Comptroller with responsibility for financial liaison with Kabelwerke Reinshagen GmbH in West Germany. Reinshagen is a major cable and wiring harness manufacturer in Europe and will soon become a subsidiary of General Motors.

Corle comes to Packard from Detroit Diesel Allison Division in Detroit where he was most recently the director of Divisional Pricing-International Operations.

- Richard R. Nelson is appointed to a new position, Manager, Technical Liaison-European Operations. Nelson will be responsible for the exchange of engineering and manufacturing technology with the General Motors European wiring harness operations.

Nelson had been manager, Plant 3. He will report to Donald R. Dedow, general manufacturing manager.

- Thomas A. Tomko is appointed manager, Plants 3, 8 and 43 replacing Nelson. Tomko previously was manager of Plant 11. He will now report to William C. Wehmer, director, Dana Street and Branch Operations.

- George A. Kralovich is promoted to the position of Manager, Plant 11, replacing Tomko. Kralovich had been superintendent of Plant 44 in Austintown. In his new assignment, Kralovich will report to Ronald Schubel, director, North River Road Operations.

Thompson reported that a replacement for Kralovich will be named soon.

Knows what makes them tick

Carpenter designs, builds clocks

by Joe Tori

To most people, clocks are timepieces. But to Virgil Linger time is clock-pieces.

Linger, a Dept. 513 carpenter, spends most of his free time at home designing and building clocks. All one need do is visit his house to see the extent of his affection for clocks. When the door opens the first thing one is aware of is the ticking sound of clocks, large and small, emanating from every corner of the house. And when the hour is struck it is almost like the bells of Notre Dame. Within seconds of each other, the clocks call out the hour in their respective voices.

Linger recalled that he first got interested in clocks in the early sixties. "I had had an operation and couldn't work," he said. "I found some old clocks in a dump and took them apart to see what made them work. Then, I got into watches," he said.

Not long after, Linger said, he ordered plans for a grandfather clock with wooden gears. Linger figured, "I know enough about clocks that this thing should run." And run it does. It is one of those clocks that speaks out on the hour as if to thank the man who gave it life.

In 1973, Linger teamed up with Warren McCarthy, a fellow carpenter.

Together, they made a pair of grandmother clocks with wooden gears and a complex striking mechanism.

Linger's favorite clock is a grandfather clock he designed and built with brass gears and a cherry wood case. The clock, with its stately beauty and simplicity of design, stands proudly in Lingers good living room. Linger said the clock is still his favorite, because it was the first that he designed and built from scratch.

Since 1973, Linger estimates he has built seven or eight clocks on his own. He noted that he has also supervised several people in building clocks.

"Every clock I make is different," Linger explained in his modest way. "My clocks are all conversation pieces. I make them see-through so you can watch the gears turning."

See-through indeed. While all of his clocks have transparent faces, Linger has made several clocks entirely of plexiglass. While he also makes clocks with wooden gears, his favorites are those with works made of brass.

Linger's clocks also incorporate a variety of different winding mechanisms. While many of his clocks utilize the traditional method of raising the weights to wind the clock, some of his clocks use an ingenious arrangement of sprockets and endless-chain to wind

themselves. When the weight reaches the bottom of its travel, it activates a microswitch which starts a small electric motor to raise the weight. It's the closest thing to perpetual motion I've ever seen.

Currently, Linger produces all of his clocks by hand, painstakingly filing the teeth of each gear until they look just right to his trained eyes.

"It doesn't matter if I have to spend two days making a gear, I'll do it," he said. "The last gear has to be just as accurate as the first gear."

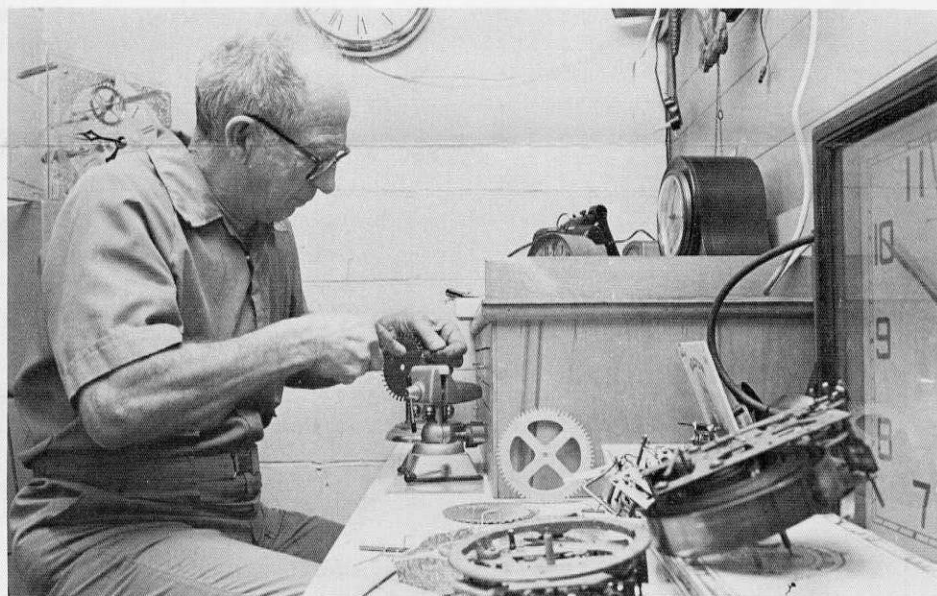
In the future, however, Linger plans to begin mass producing his masterpieces. In fact, he has already begun building an inventory of gears, shafts and bushings. His workshop is

rigged with a maze of belts and motors, cutters and indexes that will allow him to make as many as 18 gears at a time, without sacrificing quality.

Linger said he hopes to have enough parts for about 50 clocks by the time he retires.

And there's a philosophical side to this story. What does a man who spends most of his time creating clocks think about the concept of time? "I wouldn't wear a watch if it wasn't accurate," says Linger. "The watch I wear on my arm is usually within two seconds of a known time source."

Ironically, Packard's master clock-maker related, "I've got three real accurate wrist-watches at home, but I usually wear my digital."



CLOCK-MAKER CARPENTER Virgil Linger painstakingly files an escape wheel for one of his handcrafted timepieces. It may take as long as two days to finish a gear.



PROUD CRAFTSMAN stands with his pride and joy, the first clock he designed and built. In his hands are some of the many types of gears Virgil Linger makes, including brass, wood and plexiglass.

Packard aids J-car production

General Motors Assembly plants at Lordstown and Southgate (Calif.) will begin production of the new J-car next month and Packard Electric engineers will be at those plants to offer help and support.

Tom Sosnowchik, supervisor, Product Engineering, and Merrie Lee Soules, Reliability engineer, will lead other Packard engineers in the effort to assure that the Packard products will perform as designed for the new GM vehicle.

"Tom and Merrie Lee are the two Packard people most knowledgeable with the J wiring product," reported Carl Rausch, manager, Reliability. "They have been preparing for more than one year for the J starts of production. These people have an understanding of the potential problems that may be encountered with the J harnesses," he added.

Dave Schramm, assistant staff

engineer, said that Packard serves as "an information resource" by having its representatives at the plants for the production starts. "We drew the prints; we can explain the harness functions."

Rausch added that the Packard engineers will be looking at the quality of the harnesses from the customer's viewpoint.

"GMAD is also geared up to look very closely at the quality of all incoming material. We will be there ready to communicate back to Packard any problems associated with the harnesses, should problems arise."

"However, we at Packard conducted reliability quality audits prior to shipment of J harnesses because we don't want any unpleasant surprises at the car plants. We are encouraged because of the audits Quality Index ratings which were 145 (maximum quality level) for many of the harnesses. The Quality Index at Packard also

shows very high marks for J material at the lead preparation areas," Rausch noted.

Although "J-quality" had been stressed as Packard produced wiring for the new GM line, Packard engineers at the car plants and in Warren face another challenge should any wiring-related problem arise at the assembly plants, Rausch stated.

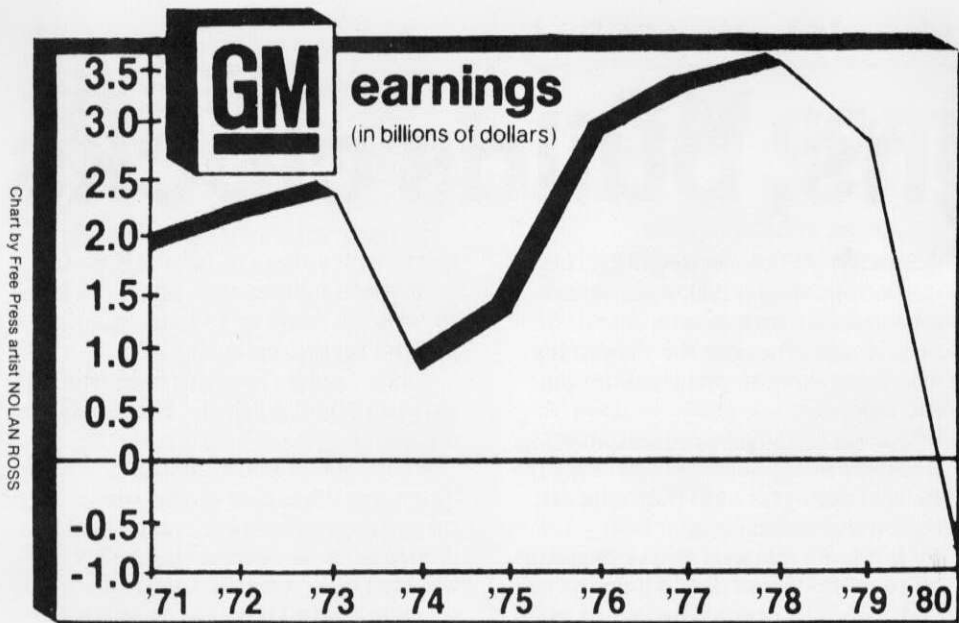
"If there is a problem associated with our harnesses, we have 48 hours to tell them what Packard will do to solve the problem."

Rausch also said Packard's engineering delegations will be joined by representatives from other component divisions and Chevrolet, Pontiac, Cadillac and GMAD engineers. "We have a unique advantage with the Lordstown start-up in that should we need parts or support people in a special situation we can get

them there within an hour or two.

Schramm reported that Packard involvement with the production starts will not be confined to the assembly plants. "During March Packard will be involved in one of many road tests of the new vehicle. Bruce Gump of Application Engineering and Tom Kitch, a Product Evaluation Engineer will be part of the GM team testing seven J vehicles built at Lordstown and six from Southgate."

"During this test in the U.S. and Canada, covering thousands of miles in varied climates and road conditions, these engineers will look at the product as our ultimate customer—the car buyer—will. These engineers know the car and can spot any problem. They will be putting a lot of wear on the car in a very short time. This will be one very important test of the J-quality prior to the spring debut of the model," Schramm stressed.



Corporation reports operating loss while investment plans continue

(Continued from page 1)

dividends," Connolly stated. "However, on a short term basis, you have to dip into resources made available in prior years when we were profitable."

"In my judgment," Connolly said, "a dividend policy should not vacillate a great deal based on current earnings. There should be a steady policy." He pointed out that there are many retirees counting on dividends for their livelihood. "You can't just yo-yo them up and down. You must consider shareholders and their needs for dividends."

In addition, the corporation has pledged itself to invest \$40 billion over the five year period from 1980 to 1984. Last year, the corporation invested in excess of \$7 billion internationally.

Connolly explained that last year's loss "hasn't really pushed back our plans for investment." He added however, that we are investing only in projects that are absolutely necessary. "We feel we cannot delay the investment," he emphasized. "We must turn our product line around and produce more high quality, fuel efficient cars that the public has demanded."

"We feel we have at least a two year head start on the rest of the industry," he said, "and we fully intend to stay there."

Connolly noted that Packard has already invested a substantial amount of GM money with the addition of several branch plants in the past year. In addition, we have invested in the expansion of our component manufacturing capabilities in existing facilities, he said.

Connolly could not be specific, but said that Packard's plans for future investment include the expansion of terminal-making capacity, molding facilities and assembly systems, as long as those investments enhance our cost-competitive position.

Connolly stated that "If we have a good project that requires a substantial investment in order to make Packard more cost competitive, we fully expect

to go to the corporation with that project and request the funds, and I presume that we will obtain those funds. But," he added, "we must be able to show that we can earn a fair return to the corporation on their investment."

The corporation is confident. "We think the auto industry must rebound," Connolly stated. "We must return to profitability."

However, according to Connolly, GM's profit margin since the mid-60s has steadily decreased. In the mid-60s he said, it was somewhere in the 10 percent category. By the early 70s, it had fallen to approximately seven percent. But, in 1978, our record year in terms of profit dollars, our profit margin had fallen to 5.5 percent. That means that for every \$100 of sales, the corporation made \$5.50 in profit.

By far the single greatest factor affecting profits, has been the reduction of production volume, Connolly noted. "But, our ability to recover cost increases through price increases has also been a substantial contributor," he added.

So, what effect will GM's recently announced rebate program have on GM's already low profits? According to Connolly, "The short term effects of the rebate program will be a reduction in profits. When you're giving money back to people who are buying cars, you are in effect cutting prices. But," he continued, "if that rebate program provides a stimulus to people to come out and buy vehicles, then it could have a very positive effect on the industry."

Whether the market can return to the level of profitability that it once enjoyed will depend, according to Connolly, "on how the market is rationalized over the next few years; whether the shape of the market will stay the way it is now. I don't believe it will. It will always change," he said.

"Hopefully GM will come on stronger than in other years, and our profitability will be restored to an acceptable level," he concluded.

Packard probe

QUESTION: What effect do you think General Motors' recently announced rebate program will have on GM car sales?

Diane Banic
Dept. 156

"I think the problem is more serious than we see it today. The \$500 or \$700 itself isn't going to mean that much for someone who can hardly afford to pay for a new car. If the rebates were piggybacked with a better financing plan, more people might be interested in buying a new car."



Banic



Nicolaus

Ed Nicolaus
Dept. 546

"I believe it will stimulate sales. Prices were too high; this will help."

Retirees' corner

Blondena R. Sandor
Dept. 1224 — 39 years

Ann B. Valarik
Dept. 304 — 26 years

Ralph J. Morgan
Dept. 952 — 18 years

Virginia M. Mathews
Dept. 1261 — 25 years

Dorothy H. Stanton
Dept. 1354 — 33 years

Nelson E. Barnard
Dept. 1274 — 30 years

John H. Hardman
Dept. 1274 — 32 years

John K. Steffey
Dept. 952 — 35 years

Ruth K. Parker
Dept. 1274 — 10 years

Elestine L. Corbin
Dept. 1474 — 11 years

Mildred Mackay
Dept. 1220 — 28 years

Maria C. Croft
Dept. 1355 — 27 years

Stanley J. Lachowski
Dept. 1421 — 29 years

Irene N. Nye
Dept. 4574 — 11 years

Curtis L. Postlewait
Dept. 1232 — 20 years

Leland A. Dial
Dept. 511 — 29 years

Anton L. Maroseceovich
Dept. 515 — 25 years

Joseph G. Damore
Dept. 516 — 30 years

Earl W. Workman
Dept. 874 — 28 years

Jerry J. McGee
Dept. 950 — 30 years

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