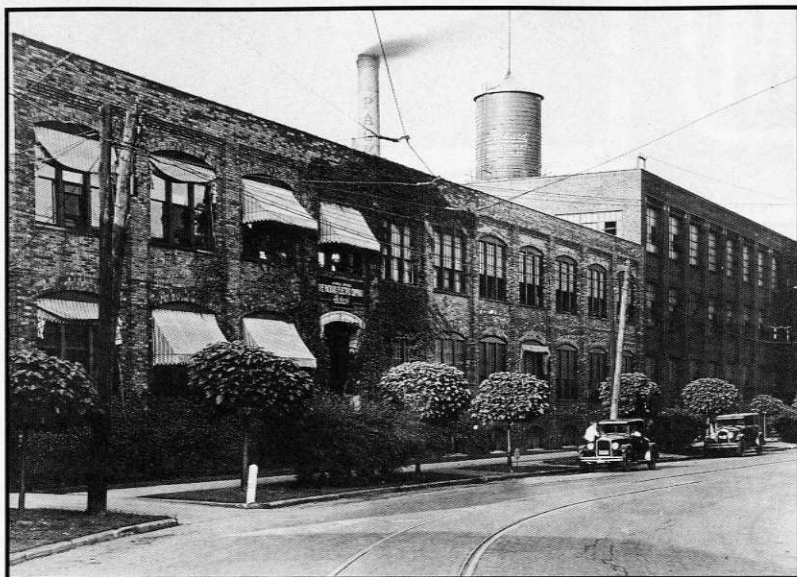


Looking At Packard People



A Demographic Profile



In search of Packard history

Packard Electric is attempting to locate historical memorabilia pertaining to the division or the Packard family. If you have an item you believe may be of interest, please contact Don Mumford of Packard's Public Relations Dept., (216) 373-2240.

Looking At Packard People



On the cover: Packard people from around the world are depicted by artist Rick Muccio. Packard's demographic profile — and the people behind the statistics — appear on Pages 6 - 9.

Packard Electric Cablegram

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A van for all purposes

GM's all-new 1990 APV is turning heads on the road and in dealer showrooms. Plant 21 in Clinton, Miss., is using Packard Production System techniques to supply all of the cut leads for these vehicles.

Page 3



Getting to know you

Packard's new general manager, Rudy Schlais, is becoming re-acquainted with the division where he began his GM career almost 30 years ago.

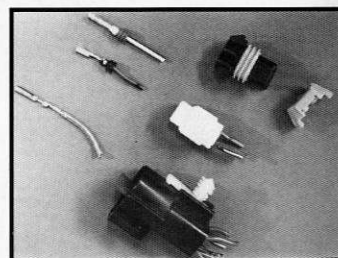
Page 4



Is it Packard, Yazaki, or UTC?

Page 5

Knowing how competitors design and build their products gives Packard an edge in the power and signal distribution system business.



West meets East

Pages 10-11

Packard's Asian Technical Center in Tokyo is helping the division gain a toehold in one of the world's three automotive design centers.



Plant 21 is supplying leads for GM's new multi-purpose van

Plant 21 in Clinton, Miss., is being "pulled" into the automotive future as it cuts and ships leads for wiring harnesses for three versions of General Motors' All Purpose Van (APV).

Plant 21 is the only supplier of leads for the aerodynamic multi-purpose vehicle, which is marketed by Chevrolet, Pontiac and Oldsmobile. The vehicle has been described as a cross between a minivan and a station wagon.

All five of Plant 21's production departments began cutting leads for APV kits in April. A specially designated "kitting team" prepares kits for shipment to Packard's Sabinas Hidalgo plant in Mexico, where employees assemble any of 12 wiring packages.

Leads are cut in Plant 21's five synchronous manufacturing modules, called Process Area Teams (PATs). Characteristics of the finished lead determine which PAT handles the product.

Before the PATs were formed, various lead prep operations were performed in different areas of the plants.

Today, each PAT performs all operations necessary to complete a particular lead.

Pull system

Sabinas Hidalgo uses a pull system to order cut lead kits from Plant 21; their requirements trigger Plant 21's production.

"The old way was to forecast requirements for a certain period of time, cut the leads and then store them as inventory," noted Plant 21 General Supervisor Pete Gualano. "When using the pull system, we don't build to a forecast, but replenish material as used. Mexico's orders will be based on consumption, not forecast."

Because of the mileage between Clinton and Sabinas, four days' worth of kits is always in the system. An average of two-and-a-half days' worth of material is in Sabinas at all times. Finished harnesses are sent to the APV's final assembly location in Tarrytown, New York.

GM build schedules project a daily APV output of 960 vehicles by the second year. Because each kit contains



photo: Greene

Plant 21 ships APV leads to Packard's plant in Sabinas Hidalgo in kits of 12 half-cells banded together on a skid.

material for 300 harnesses, Plant 21 ships from two to three kits per package per day.

Gualano said the combined kits contain about 550 lead codes. "We anticipate that by the second year of the project, APV will comprise around 25 percent of the total volume of business in Plant 21," he noted.

Plant 21 will cut leads for these APV wiring harnesses:

- Instrument panel
- Forward lamp
- Body
- Engine
- Doors
- Dome lamp
- Tailgate
- License plate light
- Cruise control
- Rear air conditioner
- Tail lamp
- Power seat

Built on the "A-car" platform, APVs feature all-plastic bodies designed by Pininfarina, the Italian firm which designed the Cadillac Allante. The APV was presented to the public with much acclaim at the Detroit Auto Show.



Chevrolet's All Purpose Vehicle, the Lumina, began appearing in dealer showrooms this fall. Plant 21 in Clinton, Miss., is supplying all of the leads for the Lumina, as well as the Oldsmobile Silhouette and Pontiac Trans Sport.

Packard's new general manager shares his impressions, goals after three months on the job

Keeping Packard Electric sailing on a course toward global competitiveness is General Manager Rudy Schlais' top priority.

After three months at the helm, Schlais — whose hobbies include boating, fishing and sailing — said he is still learning to navigate one of General Motors' largest components divisions.

"My first six months at Packard are an educational process for me; in effect, I'm going to school," Schlais stated. "Fortunately, Packard is already a competitive, viable business, so my goal is to keep the ship on course."

Schlais is beginning "Packard 101" at the head of the class; he is a native of Hubbard, Ohio, and began his GM career at Packard in 1960. He completed a variety of assignments during his two previous stints at Packard — including director of engineering

from 1981 until 1984 — before returning to the division to succeed Elmer Reese as general manager on July 1.

Packard is entering the 1990s as a different organization from the one Schlais left in the mid 1980s. "The division has made some major changes in its outlook since my last assignment here," he observed. "Packard people have recognized the need to be competitive, to be a global supplier and to work together to make those common objectives happen."

Excellence has driven Packard's cultural change, Schlais believes. "The Excellence concept has focused the entire organization's attention on the customer. In just five years, Packard has achieved a major revolution. It's a major accomplishment to change the focus of an entity of Packard's size."

Continued growth is a Schlais priority for Packard. "Packard has to be a global supplier and Packard people have to have a global outlook if we are to achieve our growth objectives," he noted. "This has always been a wish at Packard; since the mid-seventies, it's become a necessity."

Schlais noted Packard has invested heavily in technology, facilities and training to carry out its global growth strategy, and these investments are paying

off. More than 25 percent of the division's worldwide sales are to non-GM customers. Packard boasts a larger percentage of non-GM sales than any other Automotive Components Group division, Schlais stated.

In fact, Packard is beginning to penetrate the tough-to-crack Japanese automotive market. Schlais revealed Fuji Heavy Industries of Japan has tentatively awarded a contract to Packard for 250,000 ignition wiring sets to be built at the Ohio Operations for shipment to Japan.

Schlais cautioned it will take time for Packard to earn the Japanese automakers' confidence, especially since Packard's primary competitor — Yazaki — is also Japanese.

He describes Yazaki as "... an aggressive, capable, tough, 'take-no-prisoners' type of competitor." Yazaki and Packard each currently control about 20 percent of the world's automotive power and signal distribution system business — Packard's share is approximately 21 percent, while Yazaki maintains about 18 percent.

Schlais explained Packard is strong in the North American market and making major inroads in Europe, while Yazaki dominates southeast Asia and is gaining strength in North America. "We must never underestimate Yazaki as a competitor; we are literally fighting a battle for survival with them."

If Packard is to emerge as the winner of this contest, Schlais feels each of the division's 44,000 employees must be involved in the business. "The only way we're going to survive is by recognizing our people as partners in the business."

—RSC

'Packard people have recognized the need to be competitive, to be a global supplier and to work together to make those common objectives happen.'

—Rudy Schlais

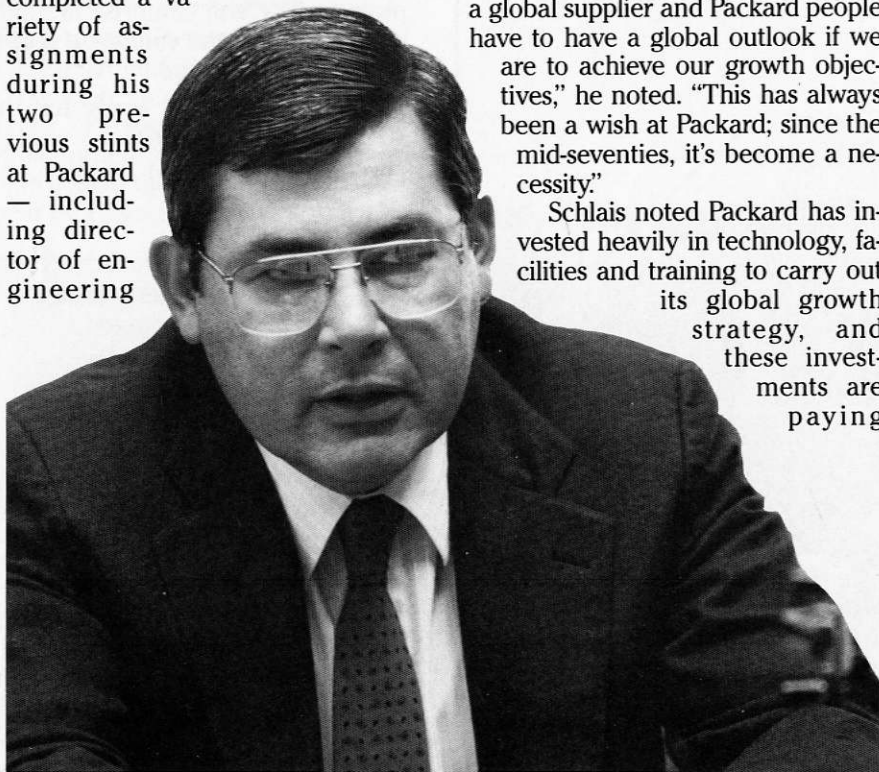


photo: Carney

Sizing up the competition

Competitive analysis helps Packard offer better products at lower costs

It's not unusual to find Packard engineer Peter Usay at a Ford or Toyota dealership looking to buy a UTC or Yazaki wiring harness.

Competitors' products are the tools of Usay's trade. As Packard's competitive analysis coordinator, Usay and a team of 10 employees from different functional areas study other companies' systems, wiring assemblies and components to learn about their business.

Usay said Packard has always kept an eye on its competition, but the division and the corporation began intensifying competitive analysis activities about four years ago.

Packard performs three types of competitive analysis: systems, wiring assembly and component.

"In systems analysis, we look at an entire vehicle," Usay explained. "We study how many wiring assemblies there are, where they're located, whether they use large wiring assemblies or lots of little jumpers and other features of the competitor's overall philosophy.

"In wiring assembly analysis, we look at the number of terminals and connectors, types of built-in routing aids, the kind of conduit used — things that you can learn by laying out the assembly on a table."

Usay noted that component analysis is the most detailed study and the area in which Packard has the most experience. Here, the competitive analysis team looks at the type of cable, connectors, terminals, junction blocks and other individual elements competitors use to build wiring assemblies.

There are two approaches to competitive analysis: feature driven and cost driven.

"In feature driven competitive analysis, we look at the highlights of our competitors' products," explained Usay. "As

we start incorporating those, we end up being the high cost supplier because we've used the 'best of the best.'"

Packard's competitive analysis efforts tend to be cost driven, according to Usay. "We want to have the best product for the job at the lowest cost — we don't want to sell customers features they don't need," he said.

Packard performed a cost driven competitive analysis to evaluate the GM-10 program. Teams of Packard engineers used the knowledge gained by analyzing competitors' products to design GM-10 wiring assemblies the way they thought Yazaki and UTC would design them. These designs were then costed using Packard's cost system.

"What we found out was that in some areas our competitors' methods were less costly than Packard's; in some areas, they were more costly. In the lower-cost areas, the competitive analysis drove Packard to study the way the GM-10 vehicle was designed and rethink about how to improve it."

Learning from the competition

Packard has copied — and in some cases, improved upon — several features of competitors' products.

"Thin wall cable is probably the best example of this," noted Usay. He explained that about four years ago, Packard observed Japanese wiring manufacturers were using a lot of thin-wall insulation cable. Today, about 90

percent of Packard's cable is thin-wall, which is a higher penetration than in Japanese vehicles, according to Usay. This has allowed Packard to pack more wire into less space — a big advantage as vehicles grow smaller and electrical and electronic content increases.

Usay says wiring assembly manufacturers' products display readily recognizable characteristics. "It is easy to tell the difference between Packard, Yazaki and United Technologies wiring assemblies by looking at the shapes, sizes and colors of components, and the way the product is assembled," he noted.

Key to growth

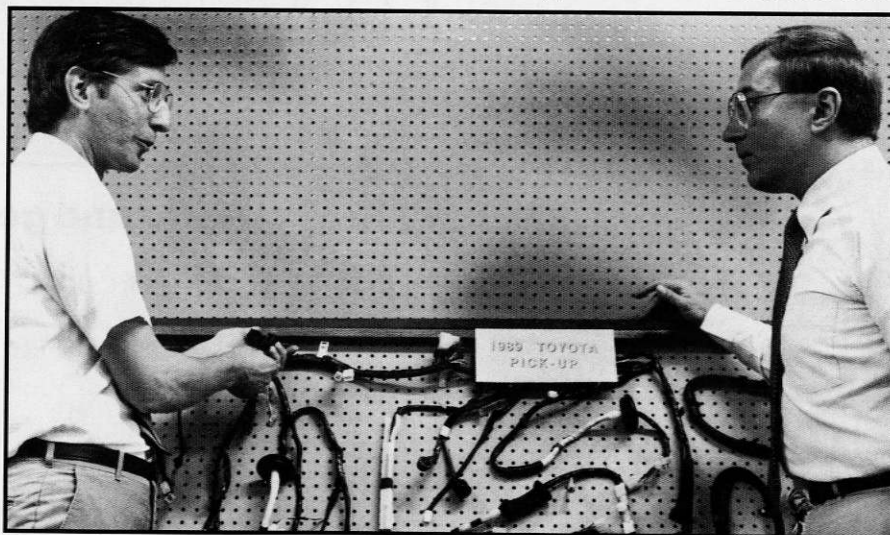
Knowing how competitors design and build products will aid Packard's strategy to influence vehicle manufacturers throughout the world to specify Packard cable, components and connection systems for their products, according to Tom Sinkovic, supervisor of product planning.

Although Packard is expanding its business outside General Motors, the division is also seeking ways to improve its relationship with its largest customer.

Packard's approach to competitive analysis has changed from defensive to offensive as the division develops closer partnerships with C-P-C, B-O-C, Truck and Bus and Saturn.

"In the past, one of the vehicle groups might hold up something Packard's competition was doing and we would spend all of our competitive analysis energies defending why what we were doing was right," noted Carl Rausch, chief engineer, applications.

"Now, we actively try to identify the things our competitors are doing better than us and incorporate them into our products. Our customers are depending on us to give them the best product at the lowest cost, and competitive analysis is one tool we use to do this."



Competitive Analysis Coordinator Peter Usay (left) points out the features of a 1989 Toyota pickup truck wiring harness to Tom Sinkovic, supervisor of product planning.

photo: Carney

Stand up and be counted Packard Electric Division

Who is Packard Electric?

A valid question. And due to the division's rapid growth, it is one that is often asked.

A response is not easy to provide, because Packard spans 15 countries.

Demographic data on North American employees provides a good start in answering the question. But numbers do not provide the whole story.

Our people fill in the blanks that the numbers leave, and make the data come to life. Their voices tell their own stories and, in the process, answer the question, "Who is Packard?"



Headcount

Packard Electric employs approximately 30,471 people in Ohio, Mississippi and Mexico. Salaried employees number about 3,637, while the hourly workforce adds up to about 26,834 people.

Number crunching

salaried	3,637
hourly (Mexico)	16,405
hourly (Ohio)	8,796
hourly (Miss.)	1,633
total	30,471

Male/female

Total figures of males and females are just about equal, with the number of female employees trailing males by about 400. Packard employs approximately 15,437 males and 15,034 females. However, among salaried employees, there are about three times the number of males as females.

Ladies and gentlemen

	<u>males</u>	<u>females</u>
salaried (U.S.)	1,897	569
hourly (Mex.)	8,038	8,367
hourly (Ohio)	4,177	4,619
hourly (Miss.)	751	882
total	15,437	15,034

Education

Most of Packard's employees earned high school diplomas. A little more than 180 have associates' degrees, while more than 1,800 have bachelors' degrees. Nearly 220 earned masters' degrees. The division also boasts three employees with graduate degrees in law and four with doctorates' degrees.

Cracking the books

	No Degree	Assoc.	Bach.	Master	Phd.	Law
salaries (U.S.)	949	59	1,245	206	4	3
hourly (Ohio)	8,706	0	89	1	0	0
hourly (Mex.)	16,011	0	394	0	0	0
hourly (Miss.)	1,413	129	81	10	0	0
total	27,079	188	1,809	217	4	3

Age

In general, the hourly Ohio Operations' workforce is older than the hourly workforces in Mexico and Mississippi and the salaried employees. Due to the way the demographic information is stored, the age data on Ohio Operations' hourly employees is presented separately from the rest of Packard.

The years fly by

	/19	20-30	31-40	41-50	51/
salaries (U.S.)	0	383	842	916	325
hourly (Miss.)	0	74	454	626	479
hourly (Mex.)	8,366	8,039	0	0	0
total	8,366	8,496	1,296	1,542	804

More time passes

	/25	25-35	36-45	46-55	56-65	65/
hourly (Ohio)	167	614	4,431	2,560	992	32

Length of service

More than 18,100 employees fell in the zero to 10 years service category. Nearly 6,000 employees fall in the 11 to 20 years range, while almost 5,000 are in the 21 to 30 years category. A little less than 500 employees have been with Packard for more than 30 years.

Time adds up

	0-10	11-20	21-30	more than 30
salaries (U.S.)	531	1,079	728	128
hourly (Mex.)	16,405	0	0	0
hourly (Ohio)	929	3,348	4,153	366
hourly (Miss.)	284	1,347	2	0
total	18,149	5,774	4,883	494

Retirees

The division records approximately 3,623 retirees. The Ohio Operations claims the bulk of that number, at approximately 3,067.

Members of the 'Pack'

salaries (U.S.)	519
hourly (Ohio)	3,067
hourly (Mex.)	0
hourly (Miss.)	37
total	3,623

Note: The data used in this article reflects Packard as of January, 1989. It was provided by the Personnel Dept. The approximately 12,600 employees in Europe were not included in the data breakdown categories.

Slices of life

The people
behind the
numbers tell
their own
stories of
work, family
and home

When Richard Racz used to think about what it would be like to work at Packard, he'd say to himself "It's a job I'd love to have, but one I'll probably never get."

Racz's dream came true in May, 1988. The 24-year-old Thatcher Lane conveyor operator said, "Working at Packard is a dream job. I hope to retire from here. Not too many people have jobs that provide the security and benefits Packard offers."

Before working at the Thatcher Lane plant, Racz attended a technical school, Control Data Institute of Cleveland, and studied in the digital electronics program.

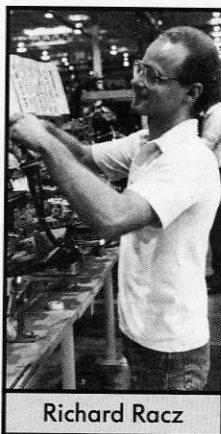
He has worked as an assistant manager for a video company and as a reposessor for a rental store. "Neither provided the security and financial stability Packard does."

"I plan on working and saving as much as I can while I'm single. Then I'll have a financial cushion to fall back on later in life."

"Already I've been able to buy a fairly new car and I'm planning on getting a mobile home. Most importantly, at Packard I feel like I have a future and a good opportunity to work my way up in the company," said the Niles native.

Racz is already planning to take advantage of the Employee Tuition Assistance program and earn a bachelor's degree. He plans to enter Kent State University Trumbull Campus or Youngstown State University to study engineering or computer science.

Working at Packard is more than just a job to Racz. "I plan on working hard and moving up in the company. I feel like I will be given a fair shot, because Packard evaluates you on the work you do."



Richard Racz

Once a teacher, always a teacher. This holds true for Packard's Marta Provenghi, of El Paso. Even though this general supervisor for Packard International, Customer Service/Procurement, is out of the classroom, she still uses her educational experience.

"As a supervisor, I am able to teach people what I learned," she said.

Provenghi taught in Chicago for eight years, serving as a bilingual educator, a truant liaison and a prison system teacher.

In 1980, she gave up teaching and returned to El Paso — her hometown — when her father became ill.

"No one wanted to hire a teacher with eight years of experience and a master's degree," she said.

So Provenghi landed a job at Packard as a material clerk.

Since then she has worked in the areas of material control, customer service and foreign trade zone operations at the Butterfield Finished Goods Distribution Center.

Provenghi has a bachelor's degree in elementary education from the University of Texas at El Paso and a master's degree in early childhood education with administrative endorsement from Northern Illinois University.

Despite her educational background, Packard managed to teach her a few things. "Packard taught me how to balance my outside activities with my job," she said.

And she must have learned that well, for in her first year as a Jaycee, she was voted the 1989 Jaycee of the Year for the El Paso Chapter, which was the number one chapter in Texas in 1989. She is also involved in Junior Achievement.

She concluded, "I've learned to give the world the best you have and the best will come back to you."



Marta Provenghi

Lilly Trimble is a master juggler.

The personnel specialist “juggles” working, attending college at night, making time for her son and volunteering at church.

“I can’t remember a time when I haven’t done three things at once,” said the 16-year Packard employee.

Trimble started at Packard in 1972 as a high school co-op student in the Rates and Records Dept. She then moved on to be an insurance receptionist, an insurance secretary and a claims approver. She has held her current job for 10 years.

“It is tiring trying to coordinate family, school, work and church. My mornings and nights are so scrambled,” she said.

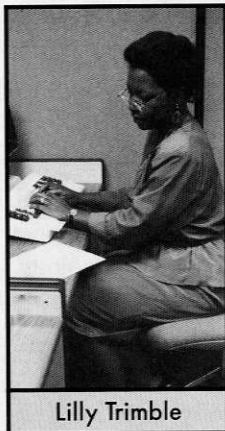
After work, Trimble rushes home to make dinner for her 12-year-old son, Darrick.

Then three nights a week, the duo are off to Kent State University Trumbull Campus, where she is working on an associate’s degree in business management, two classes per semester. Darrick does his homework while his mom attends classes. On her off-nights she cooks multiple dinners to freeze.

“I feel blessed to be a Packard employee. With the economic situation in our valley and the employment outlook as it is, I feel lucky to have such a stable, well-paying job,” she said.

The hectic schedule has not taken a toll on her family life. “Every night before Darrick goes to bed we talk. In the summer, I don’t register for classes and we take bike rides, garden, and go on vacation.

“I make time to be with my son. Whatever he is into on a particular day, I try to be a part of it,” Trimble said. “In fact, I’m getting pretty good at Nintendo.”



Lilly Trimble

Bob Gregorich considers himself “a lucky guy.”

Twenty-four years ago, Gregorich was one of about 5,000 people who stood in long lines trying for a shot at one of 1,500 jobs with Packard Electric in Warren — its only location.

At that time in late 1964, he was a catalog sales representative with Montgomery Ward in Sharon, Pa.

“I didn’t think there was really much chance of me getting on,” said Gregorich, now 50.

But within a few years he had become a supervisor in Plant 11.

In early 1974, the Gregoriches moved to Mississippi where Bob was to train cutting supervisors for the newly opened Plant 21 in Clinton.

Today, Gregorich is a production control supervisor in charge of securing parts from the Ohio Operations, but he fondly remembers his days as a trainer. Two of his trainees — Walter Ward and Curtis Weakley — are now general supervisors, he says proudly.

He hopes to retire in six to eight years. By then, he projects, both his children will have graduated from college and will be supporting themselves.

“I owe GM and Packard a lot,” reflects Gregorich. “They’ve given me a good living. Maybe I’m just old-fashioned, but I believe you should support your employer. I buy what I build. You’ll find only GM cars in my driveway.

“I’m a lucky guy to have a job like this,” he adds. “I came from a steel mill family in Farrell, Pa. Most of those mills are gone now. The ones that are operating belong to the Japanese or someone else. That shows what can happen to our jobs if we don’t make the best products possible.”



Bob Gregorich

In 1958, Mary Masotto told herself she would work at Packard for three months — just long enough to pay off a few bills — and then quit.

Thirty years, fourteen jobs and seven plants later, her Packard days are over. Masotto retired from her job as a floater inspector in Plant 47 on July 1.

“I felt very lucky to land a job at Packard, because I was being paid double what I made at the drug store in Farrell, Pa.

“Packard has been good to us. It helped us buy five homes and send three girls to college.”

Over the years, she worked in Plant 3, Plant 11, Plant 12, Plant 13, Plant 14, Hubbard and Ridge Road.

“I can’t say there was one job I liked more than the rest. In fact, I can’t say that there was one job I didn’t like at Packard. And I just loved meeting so many people.”

But she already knew one person at Packard the day she was hired: her sister Zora Koukis. The two sisters applied for employment on the same day. Koukis is currently a cutter at Ridge Road. Since 1958, their other sister Barbara Passalacqua, a floater inspector at Ridge Road, and brother Joe Prezgay, a conveyor worker at Thatcher Lane, have joined the Packard team.

Now, Masotto is looking forward to “doing things at my own pace, instead of rush, rush, rush.”

She added with a smile, “And I told my husband I want him to work at least two years longer before he retires, so I can have some peace. At least for a little while.”

—SMR



Mary Masotto

In demand

Packard Electric do Brasil experiences rapid growth during its first 18 months



Packard Electric do Brasil is located in Paraisópolis near São Paulo, the third largest city in the world.

Packard Electric do Brasil has experienced a high level of growth in a short period of time.

Just 18 months after the division first established a presence in Brazil, Packard is already capturing a significant share of the world's fastest growing automotive market, according to Chuck Cunningham, manager, Packard Electric do Brasil.

"The Brazilian automotive market is growing at a rate of almost 12 percent a year," Cunningham stated. "General Motors has just introduced a new vehicle, the Kadette, which has had tremendous acceptance by the Brazilian market, selling far beyond GM's expectations. Packard supplies 100 percent of the wiring for this vehicle and for all GM vehicles in Brazil."

Cunningham said Packard's reputa-

tion as a "quality" automotive supplier also helped the division acquire GM do Brasil's business. In addition, Volkswagen do Brasil awarded new business to Packard earlier this year.

A nice problem to have

Managing this rapid growth is Packard Electric do Brasil's major challenge.

At the invitation of GM do Brasil, in 1988 Packard assumed responsibility for an existing wiring harness manufacturing operation. Packard moved this business to a separate facility in Paraisópolis and improved both product and process technology, according to John Wyko, technical manager for Packard Electric do Brasil.

Wyko explained that GM do Brasil has asked Packard to supply Throttle Body Injection (TBI) wiring harnesses for 1991 vehicles, which will allow the

Japan: *Getting a foot in the door of the Asian marketplace takes patience . . . and a taste for octopus pizza*

Learning how to eat octopus pizza, speak Japanese and ride high-speed "bullet" trains are just a few of the a la carte items on Dan Kinnavy's menu.

Then there's the main course: establishing Packard Electric's presence in the Asian automotive marketplace.

Kinnavy, who is the sales manager of Packard's Asian Technical Center, and Martin Hommer, product engineering manager for the operation, moved to Tokyo earlier this year. Their assignment is to position Packard as a supplier to Japanese vehicle manufacturers.

"Japan is now a bona fide design center for automobiles throughout the world, along with Detroit and certain parts of Europe," Kinnavy explained.

"As the Japanese automakers continue to gain market share, they are taking away sales that Packard's traditional customers might have had. As our customers lose market share to the Japanese Original Equipment Manufac-

turers (OEMs), their suppliers — Packard's competitors — are gaining market share relative to us. If we intend to maintain our market share, let alone make it grow, we will have to have Japanese OEM business."

The Asian Technical Center is a joint GM effort among AC Rochester, Delco Remy, Delco Electronics and Packard Electric divisions. Currently, the group is negotiating to purchase a building site on the north side of Tokyo. Meanwhile, Packard is setting up operations in a temporary office.

Japanese customers put their suppliers under tremendous pressure to perform efficiently and cost effectively, Kinnavy noted.

"The Japanese have a phrase: 'Okyaku sama wa kami sama desu.' Literally, this means 'A guest is a god,' but it also translates in the business world as 'Your customer is a god.'"

Packard's Excellence concept fits in well with Japanese business practices, Kinnavy observed. "Our concept of foc-

using on the customer — the customer is king — is right on the money with the Japanese concept of the customer as a god."

Doing things right the first time and continuous improvement are two mainstays of Japanese manufacturing. "Customer feedback is always quick to come and very detailed. Japanese customers expect their suppliers to respond immediately," Kinnavy noted.

Caring about people also figures prominently in Japanese business philosophy. "The majority of Japanese business leaders are very people-oriented managers," said Kinnavy. Also, Japanese workers enjoy lifetime employment.

The world has recognized and rewarded Japanese manufacturers for their efforts by purchasing Japanese products. As a result, the country boasts an unemployment rate of less than 3 percent. "Our competition is moving to sites outside Japan — notably, the Philippines — because they lit-

division's North American operations to enter the South American market. Brazilian vehicles currently use European designs and components.

Wyko said air pollution has become a major problem for Brazil, especially in Sao Paulo, the third largest city in the world.

"In 1991, Brazil will implement an emission control law for cars, which will be complete by 1997," Wyko explained. "This government mandate prompted GM do Brasil to bring in the TBI engine and the TBI harness, which is good news for Packard."

This increased demand for Packard products has also created a demand for qualified, trained employees.

"We started the Brazilian operations less than 18 months ago. Today, we have more than 600 employees manufacturing wiring harnesses in Brazil; next year we'll have more than 1,000," Cunningham explained.

"This kind of growth requires a lot of dedication to training, which takes a lot of our time as managers," he continued. "However, we are fortunate to have a stable workforce; only five employees have left our operations."

Tremendous potential

Approximately 140 million people live in Brazil, a country roughly the size of the 48 contiguous U.S. states. Brazilians speak Portuguese; the rest of South America speaks Spanish. "There is a tremendous market potential in Brazil," Cunningham noted.

On the down-side, Cunningham noted Brazil's economy is experiencing a high rate of inflation. "Last year, the inflation rate in Brazil was over 1,000 percent. This year, with some government controls it's forecasted to be in the range of 600 percent. In the United States, we get very nervous when we see 10 percent inflation.

"In this type of economy, you have

to do both long-term and short-term planning. For instance, we have to revise our wages, prices and material costs on a monthly basis," Cunningham observed.

Because Packard has entered this market early and is building relationships with South American vehicle manufacturers, Cunningham feels the division has an edge over its competitors.

"We hope to be able to grow at a rate of about 20 percent per year in the Brazilian market. However, we have to be able to manage that growth," he cautioned.

"Growth by itself is not necessarily good if you can't continue to exceed your customers' expectations. We have to be very careful to make sure we maintain our quality and service levels along with our goals for growth."

—RSC

photo: Carney



Dan Kinnavy is the sales manager of Packard's Asian Technical Center in Tokyo.

does not give them a real comfortable feeling."

He explained Japanese companies are content to sacrifice short-term profits for long-term market share gains. "It is difficult for American companies to compete with Japanese companies because we need to produce an acceptable return on investment for our shareholders every quarter."

However, a changing political climate is boosting Packard's effort to enter the Japanese automotive market, Kinnavy observed.

"There are new pressures coming to bear on the Japanese vehicle market. The U.S. Congress is pressing the Japanese government to correct the trade imbalance with our country. This is one of the reasons why Japanese companies are setting up groups to evaluate American companies as potential suppliers."

Kinnavy feels Packard can offer higher technology products and better design and product support than its Japanese competitors.

However, patience is key to building a business relationship with Japanese companies. Kin-

navy noted it will take time to convince potential Japanese customers that they should risk sourcing business with Packard.

Packard already knows what it will take to exceed a Japanese customer's expectations, Kinnavy believes.

"Japanese customers expect the same thing our GM customers demand: the highest quality product at a fair price. Their perception of what constitutes high quality and a fair price may be different, but their basic expectations are the same."

—RSC

Akihabara is Japan's electronics capital.



erally cannot find a location where they can pull together 300 people to work in a plant in Japan because there is so little unemployment."

Despite the similarities between the Excellence concept and Japanese business practices, Kinnavy said it will be tough to gain a toehold in the Asian market.

"Japanese businessmen like to operate in a 'comfort zone;' they are very conservative. Our potential customers are comfortable with their current suppliers. They aren't especially eager to move their business to a different company that is located 8,000 miles away and doesn't speak their language. Also, Packard is part of GM, one of the Japanese automakers' competitors. This

ACG

Thompson discusses Packard Electric's role as a member of GM's Automotive Components Group

Excellence represents what the customer expects from Packard Electric according to W. Blair Thompson, vice president and group executive in charge of the Automotive Components Group (ACG).

During a visit to Packard, this former Packard general manager discussed the ACG and Packard's role as a member of this group with the **Cablegram**.

Cablegram: Who is the ACG?

Thompson: ACG means "Automotive Components Group" which, even in most of our ACG divisions, people have trouble identifying. We tend to identify ourselves as "Packard people" or "Saginaw people" or "Delco Moraine people," but together we are the largest group in General Motors, with roughly \$30 billion in sales and more than 230,000 employees worldwide, operating in 18 states and nine different countries.

Cablegram: What are the key points of the ACG vision?

Thompson: Our vision is that we expect to be the best in the world from a quality, reliability, cost and responsiveness standpoint. By pursuing that vision as a group, we will be able to expand our sales and obtain job security for ourselves.

Cablegram: How has the ACG realignment progressed?

Thompson: We started out

some time ago trying to get most of our businesses divided into categories, strategic business units — SBUs. Then we recognized that we had a bigger responsibility to get our organization, and then our systems, focused.

As we got into the systems-type focus it became apparent that we had, in many cases, divisions that were competing with one another. In the past several months, we've



gone through a number of consolidations of divisions. I don't see further reorganization as being a benefit or a need at this time.

Cablegram: Where are the opportunities for ACG sales growth?

Thompson: We have a real opportunity because, being in the component business, we aren't tied down to just our GM customers. As Packard has demonstrated, we can

go out and sell to people like Chrysler and Volkswagen. We have that same opportunity in all the divisions. We see the 1992 European Economic Community as probably the one area where we have the greatest opportunity.

Cablegram: How is today's vehicle buyer changing?

Thompson: The vehicle buyer is probably not any different than we are when we buy products. When we buy something we expect it to work every time, all the time, exactly like we want it. People buying cars today are expecting perfection. At Packard, your concept of Excellence is exactly what the consumer's expectations are.

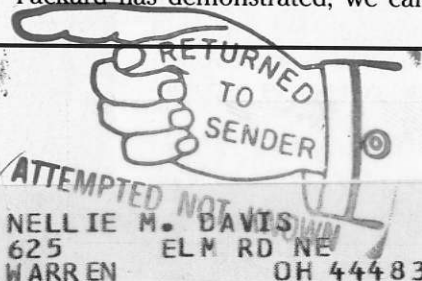
Cablegram: How has Packard exceeded your expectations?

Thompson: I think you've done an outstanding job in the last several years of changing the culture of Packard and its people and I think you've changed our customers' thought process about Packard as a supplier.

There was a time when Packard was not always thought of as being the highest quality, most responsive organization. You've changed that perception and brought recognition that Packard people are an outstanding group doing an outstanding job.

—RSC

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