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On the cover: CAM team member David Lewis gives mold details one last inspection before firing up one of CAM's high-tech 40-ton molding machines.

Perspective



Innovative ideas bridge cultures

General Manager Rudy Schlais

 t's interesting how new ideas shrink the distance between Packard people.

We used to speak of "Yankee ingenuity" or "European craftsmanship," but today, Packard innovation is becoming our common language around the world.

I am in the process of visiting each of Packard's global plant sites. Recently, I saw how well our European partners at Reinshagen are living up to the division's Excellence concept.

Packard Electric is demonstrating its strong customer focus by aligning manufacturing sites with specific customers. We first used this strategy in North America with the GM-10 program, while Packard Europe is focusing on Opel, BMW, Mercedes and Renault. In fact, Packard Europe has gained new business because of its customer focus, specifically from BMW. Our plant in Austria is now implementing a Just-In-Time supply system with a BMW plant.

I also saw a lot of "cross-fertilization" in evidence during my visit. Throughout Packard, employes are exchanging ideas and implementing technologies, problem-solving methods and processes that have proved successful for other Packard people. This exchange of ideas is really exciting. It demonstrates how critical effective communication will be for Packard in the '90s.

Looking East

I happened to be in West Germany the week after the major openings in the Berlin Wall occurred. It's dizzying to think about how fast Eastern Europe is changing and to contemplate the impact this will have for Packard people around the world.

Packard already has a facility in Hungary, and this may provide opportunities for us to participate in an emerging market. Because of Packard's technology and global network, we are getting requests from vehicle manufacturers to look at supporting their operations in the East. I believe Packard has an advantage over our competitors in working with East Bloc countries.

We have a unique opportunity to benefit from this opening market and also help the people of eastern Europe develop their economic systems. And if we look at growth and competitiveness as being inseparable, this will benefit all Packard people, no matter which language they speak.

Mexico East

Packard pioneers in eastern Mexico Training: biggest challenge

Expanding into the eastern region of Mexico was thought of as a pioneer effort for Packard Electric in the mid-1980s.

Along with the division's competitors, Packard is one of the companies now operating in eastern Mexico, which is considered Mexico's technological base, according to Thomas Tomko, director of Mexico East. Armed with experience from the Mexico West plants, Packard started Nuevo Laredo I in 1987.

Tomko said of the plants in Mexico East, "The three biggest challenges we face in our young organization are training, training and training."

In order to manage growth, thorough employe training is necessary, for employes have to get used to a new work environment and new products.



The Mexican employes take great pride in their work, Tomko said. "Walking through a plant is an inspiration. The employes are very proud of the quality results. They take it personally when they do well or make a mistake."

For example, Mexico East recently received a rating of "10" in customer satisfaction on the GM-200 program.

The underlying philosophy of Mexico East is customer focus. Each of the plants is aligned with one customer. "Having one customer per plant allows us to really focus on the customer. We are able to focus our energy on specific customer requirements because of our management structure and our system's focus on the customer."

Management structure in Mexico East is identified by cost centers. Each of the two cost centers have multiple plants. Cost Center I consists of Nuevo Laredo I, Guadalupe I and II, and Linares under the direction of Dino De Falco. Sabinas Hidalgo, Nuevo Laredo II, Sabinas Coahuila and Anahuac make up Cost Center II, under the direction of Haven Jenkins.

Frequent communication between Packard's other locations and Mexico East is a key ingredient to the success of Mexico East. Plants in Mississippi and Ohio supply material to the Mexican plants (see chart).

Tomko noted even though the Mexico East plants are far geographically from the other Packard locations, "Our people don't operate in a vacuum. We work in a partnership hand in glove with our Mississippi and Ohio operations. It's a mutual dependency."

A mutual dependency that promotes competitiveness and allows the division to participate in the global market.

Plant 47: Mexico East's largest supplier

RROCHE

As Mexico East's largest supplier, Plant 47 in Warren, Ohio, also shares a stake in the GM-10 business.

Miguel Angel Venegas, Sabinas Hidalgo plant

manager, examines the contents of a container

marked "derroche" or waste.

Bob Hocevar, superintendent of Ridge Road, said not only does Plant 47 provide the ordinary services to support Mexico East's business plan, but it also makes extra effort to ensure its success.

For example, Ridge Road responded to its customer's requests for shipping leads in kit form to Guadalupe II, quickly converting to half-cells and re-configuring the kitting families to suit changes in the Mexico East plants.

The growth continues to challenge Ridge Road. In the last year, the number of cut leads shipped to Mexico East during peak times from Plant 47 has doubled, to almost 2 million a day. Plant 47 currently supports Nuevo Laredo I, Guadalupe I and II, and Linares.

Hocevar said, "I continue to be amazed at how well Mexico East handles its growth. They found a way through all obstacles — social, political, legal and logistical."





Pull system links Plant 21 to Mexico East

Plant 21 in Clinton, Miss., is the sole supplier of cut leads for the APV platform assembled in Sabinas Hidalgo.

The plant ships 60 kits a day (450,000 leads) to the Mexico East facility. By spring the volume is expected to reach 600,000 leads daily, according to Plant Superintendent Gary Thrush.

Sabinas Hidalgo and Plant 21 are linked logistically by a pull system. Kits are prepared in Mississippi in quantities that will support one shift of production. As Sabinas uses a kit, they call for a replacement through Plant 21's Material Tracking and Management System and ship it within 24 hours.

Plant 21 is part of a direct supplier relationship to Sabinas and on to the vehicle assembly plant in Tarrytown, N.Y. where all APVs are built. Because of this direct link, Tarrytown has only one supplier of wiring harnesses.

Mexico East's customer/supplier relationships

Lead prep Packard suppliers	Mexico East locations	Vehicles/models
Plant 14 Plant 23	Anahuac	RR Body & Cadillac
Plant 14 Plant 47	Guadalupe I	GM-10
Plant 14 Plant 47	Guadalupe II	GM-10
Plant 14 Plant 47	Linares	GM-10
Plant 14 Plant 47	Nuevo Laredo I	GM-10 & F-car engine
Plant 14 Plant 45	Nuevo Laredo II	GM-300
Plant 14 Plant 45	Sabinas Coahuila	GM-300 & GM-350
Plant 14 Plant 21 Plant 45	Sabinas Hidalgo	GM-200

Health care costs

Are we in **CRITICAL CONDITION?**

Prediction:

"By the year 2000, the only person in the United States who can afford to be sick will be Donald Trump," said Joseph Califano, former secretary of health, education and welfare.

Prescription:

Cost control, a health-educated work force and creative programs.

Most companies in the U.S. are dizzy with health care's spiraling costs and threatening increases.

Packard Electric is no exception. General Motors and each of its divisions are wrestling with new ways to fight the cost increases.

National problem

On the national level, the U.S. spent a reported \$550 billion on health care last year, nearly 11.5 percent of the country's Gross National Product.

Even more disturbing is the rate of increase. Since 1980, health care costs increased an average of 10.5 percent per year. In 1965, approximately 6 percent of the GNP was spent on health care. In 1990, that figure is expected to be 12 percent of the GNP.

GM angle

While health care costs are affecting all businesses, General Motors may be suffering even more because its workforce is older and it has a large and growing number of retirees.

Between 1980 and

1988, GM's health care costs doubled from \$1.5 billion to \$3 billion, according to GM's **The Management Journal.**

In 1965, it cost GM \$265 per person to provide health care to its employes and retirees. Today, that cost is \$3,816.

On a per vehicle basis, in 1988 \$600 per vehicle went to pay for health care benefits. In comparison, Chrysler's 1988 health care cost per vehicle was \$407; Ford spent \$311 per vehicle and the Japanese transplants spent a mere \$46 per vehicle.

Furthermore, fewer than 10 percent of GM's health care enrollees account for 50 percent of GM's health care costs. In approximately 2,500 of these cases in 1988 which involved individuals with serious illnesses — the medical bill exceeded \$50,000, **The Management Journal** reported.

Packard perspective

Patricia Snow, Packard's benefit plan administrator, said Packard is not immune to this national crunch; the division's health care costs are also rising.

"Our health care costs have skyrocketed since the mid-1970s and there is no end in sight," she said.

For example, 1990 premium rates have increased an average of 20 percent.

Snow estimated the 1990 average monthly premium cost per Packard employe with a spouse and two children to be \$550. In addition, health care accrual rates in the Warren, Ohio area are higher than most other GM communities. For example, Warren is 39 percent higher than Grand Rapids, Mich., 29 percent higher than Lansing, Mich. and 14 percent higher than Saginaw, Mich., according to a study conducted in June 1989 by the corporate Health Care Section.

Employe education provides a way to combat the high costs, Snow advised.

"Employes need to become educated consumers of health care," she said. "More does not mean better. We have to encourage our employes to question their health care providers. Many do not, since GM pays the bill.





"We tend to place the medical profession on a pedestal and blindly accept their counsel. Yet we are consumers who have every right to question the necessity and appropriateness of care," Snow said.

A good analogy is having a car repaired. "Even though most of us are not mechanics, we know to question the bill. You don't just pay the service station or garage and leave. You ask the mechanic what each charge was for and why it was needed," Snow said. "That's exactly what we need to do with our health care."

Health care costs



What GM can do

Efforts to control health care costs can be made at the corporate, divisional and individual levels.

GM is a leader in efforts to control health care costs while providing quality care to employes and their dependents.

According to GM's **The Man**agement Journal, the corporation's initiatives include:

- Introducing managed care options in the form of Health Maintenance Organizations (HMOs) and Preferred Provider Organizations (PPOs) as alternatives to the traditional plan.
- Adding a predetermination requirement under the traditional option that requires physicians to receive approval for all nonemergency, non-maternity hospital admissions.
- Introducing systems to better monitor eligibility of people and claims covered by GM health care plans.
- Working directly with hospitals and physicians to identify and eliminate cost problem areas.
- Continuing to make the work environment more ergonomically sound.
- Promoting wellness programs and lifestyle changes to help employes lose weight, stop smoking, eliminate stress and control alcohol and drug use.

What Packard can do

Patricia Snow, Packard's benefit plan administrator, said Packard's efforts to control health costs include:

- Offering preventive health maintenance courses such as the Excellence Training Center's Weight Watchers, stress management and smoking cessation classes. The Medical Department sponsors blood pressure screening.
- Hosting benefits seminars for employes so that all benefits, including health care, are explained.
- Providing a speaker on health care coverage for Packard's retiree groups.
- Encouraging Packard Personnel employes to serve on various community boards to study health care costs and longrange planning.
- Forming a joint union-management committee to address attendance. Absenteeism and sick leave contribute to high health care costs.
- Performing audits to verify with documentation that dependents are eligible dependents.
- Providing programs designed to deal with alcoholism, drug dependence, and family and marital problems through the Employe Assistance Program.
- Continuing to make the work environment more ergonomically sound.
- Providing readily available personnel to handle health care benefits questions.

What you can do

What you can do to cut health care costs:

- Participate in preventive maintenance programs for your body. Stop smoking, eat right and watch your weight.
- Ask your doctor to prescribe a generic-brand drug. Pharmacists can make generic substitutions unless the doctor specifies otherwise. Name-brand products cost as much as 40 percent more than generic brands.
- Use emergency rooms only for emergencies. They are an expensive place to treat minor ailments.
- Be an informed patient. Ask questions about the care you are receiving, as well as hospital and doctor charges. Be sure to get answers for any questions you have on procedures or treatment. Act as if you were paying the bill and not the insurance company.
- Get a second opinion. When you require surgery, tell your doctor that you would like the opinion of more than one surgeon. Then compare costs and procedures.
- Have tests performed before you enter the hospital. Except in emergencies, avoid being admitted to the hospital at night or on the weekend. Also, leave the hospital as soon as the doctor allows.

Mississippi



Clinton's Advanced Molding Team uses new ways to satisfy customers

Think of Packard Electric's Clinton Advanced Molding (CAM) team members as pioneers.

Like pioneers of the American West, they've pushed through old boundaries to devise new and interesting ways to survive. And in the spirit of space pioneers, CAM makes one small family of plastic parts for wiring systems, but takes one giant leap for employe involvement.

Whether you call it the Clinton Advanced Molding module, CAM team or Dept. 2212, these Clinton, Miss., employes work in a high-tech environment with a singular focus: serve the customer better than anyone else can.

None of the 17 CAM team members claim to have invented the idea of customer satisfaction, but the way they go about molding parts can certainly be termed adventurous.

Traditionally, hourly workers usually have limited access to customers. CAM's socio-technical design demands that those who make the part interface with the customer.

"When I worked exclusively in tool and die," said CAM member Cliff Jackson, "I never had firsthand experience with the customer. In this module, if there's a customer complaint about tooling, I can deal with it first hand."

Supervisors traditionally schedule production. CAM team members schedule their own parts and decide which machine will mold which parts and how many.

CAM doesn't have a supervisor. Each shift elects a team leader, who periodically passes on the mantle of leadership to someone else. Changes in team leaders affect module operation very little,

by Danny Greene

for the design of the team encourages principles over personalities.

One of the key principles is that everybody knows how to do everything concerning all 50 part numbers run on 16 machines.

"CAM members don't expend a lot of time and energy trying to get things through the system," said Plant 22 Superintendent Jim O'Donnell. "They are the system!"

When the module was formed last fall, a committee screened prospective CAM team members, a procedure not previously used.

Ann Blanton, CAM p.m. member who previously worked in lead cutting, concurs. "I like it better here," she said. "The team approach allows us to work with each other to learn all about the module."

Since advanced molding is new territory for Packard-Clinton, and technical demands are great, successful operation depends on adequate training.

"We committed \$120,000 for training before we molded the first part," said O'Donnell. Formal training began in September and continued well into December.

CAM molds 50 different parts called Connector Position Assurances (CPAs) and Terminal Position Assurances (TPAs). CPAs keep connectors from coming apart, while TPAs keep terminals from backing out of connector cavities.

Forty-ton presses using multi-cavity molds and shot sizes of 1 to 2 ounces form the parts. By comparison, conventional molding makes parts on 150 to 200-ton presses equipped with molds

CAM team members David Lewis and Pat Hood confer about a quality problem.





Above: Every bag of parts that leaves the CAM module carries the department's official logo, designed entirely by the 17 members of the CAM team. **Right:** David Lewis demonstrates the

ease of changing molds on one of CAM's 40-ton machines.

that handle shot sizes of 8 to 30 ounces. Shot size refers to how much molten plastic is injected into the mold at one time.

CPAs, then, are very small parts. One ounce of plastic shot into a four cavity tool comes out to about a quarter ounce per piece.

Because they are so small, all four parts from a single shot are strung together by little plastic rods called runners. Each machine has a device to separate parts from runners.

Enthusiasm pervades the module. "We feel we can attain all our quality goals," said midnight team member Darryl Moore. "We've got the technology, we've got the people and we've got the drive to succeed. This is the way of the future and we're going to show the way."

To O'Donnell, the future is now. "CAM represents the leading edge of socio-technical development in 40-ton molding. We have the combination of teamwork and technology it takes to compete in a global market in the 1990s," he said.

CAM's pioneer spirit can be summed up in a remark by team member Cliff Jackson: "We've got a good group; the dedication and pride are here. There is no reason why we can't make it."





CAM makes small pieces such as this secondary lock.



Packard: NUMMI's choice

Packard Electric has been awarded the majority of the power and signal distribution system business for the New United Motor Manufacturing Inc. pick-up truck, according to General Manager Rudolph A. Schlais, Jr.

NUMMI, the joint venture between General Motors and Toyota located in Fremont, Calif., will begin producing the truck in August, 1991.

Packard will supply the major wiring systems for this vehicle, except the engine harness.

The division currently supplies all of the wiring systems for the Geo Prizm, which is built at NUMMI. Packard remains NUMMI's primary supplier of power and signal distribution systems.

Renault/Chrysler business added

Packard Electric will supply power and signal distribution systems for a 1993 vehicle to be built by the Association of Renault and Chrysler for Automotive Development, the joint venture corporation between Renault and Chrysler. According to General Manager Rudolph A. Schlais, Jr., the division will supply all the components and wiring harnesses for this new vehicle, a small jeep designed to be a value leader for the on and off-road sport utility market segment.

The new vehicle will be built in both Europe and North America. Packard's Ohio and Mississippi operations will supply components for vehicles built in North America. Packard Europe will support ARCAD's European final assembly location.

Korea: not of the 3rd world

According to Packard International, the Korean automotive market experienced a drastic change in 1989. While their market remained relatively stable with 1.1 million units in vehicle sales, there was a shift in the domestic versus export sales.

Domestic sales increased 46.5 percent and export sales decreased 40.8 percent from 1988.

Part of the reason for the drop in export sales, especially to the United States, is attributed to their focus on the low end of the automobile market and their tendency to experience sharp drops when the economy slows. The increase in Korea's per capita income — approximately \$5,000 — has caused the demand for new and replacement vehicles to soar.

Joint ventures

Packard Electric has two new General Motors joint ventures: one in Brazil and one in Australia.

Packard Electric do Brasil will be associated in this joint venture with Ericsson do Brasil. In Australia, GM will be partners with Carthew and Travaglini (Pty.) Ltd. of Australia.

Toyota picks Packard

Toyota is sold on the benefits of Packard's Halogen Headlamp connector system. Toyota will incorporate this system on the Corollas built in Japan and on the Camrys built in Japan and the U.S. This system is currently being used on the GEO Prizm and Toyota Corolla vehicles built at NUMMI. The coordination of this additional penetration into Toyota was handled by Packard International's Japan branch.

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