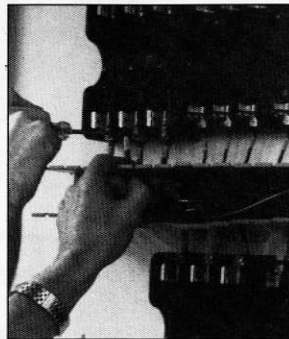


The Packard Electric GLOBE



*Charting a Course
for the Future*



Benchmarking
page 3



Retirees
page 8



Europe
page 10

Plotting a course for the future

4

by Sharon Roncone

Business planning provides the map Packard uses to direct and focus the division's future.

State of the business

6

by Ryndee Carney

General Manager Rudy Schlais shares his assessment of Packard's performance in 1990 and his aspirations for 1991.

Heavy stuff

11

by Danny Greene

Mississippi's Plant 22 aligns its tool and die repair area to focus more intently on its customers.



On the cover:

This illustration by Rick Muccio symbolizes the "journey" mapped out by the division's business plan.

See story on pages 4 and 5.

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Taking on the competition

Panel shop bids against outside suppliers . . . and comes out on top

How does Packard measure competitiveness? One method is benchmarking: comparing internal Packard functions to outside competitors' capabilities.

A Packard electrical panel shop proved it could build control panels for new buncher equipment in Plant 10 in Warren, Ohio, better and cheaper than outside contractors.

Packard's panel shop successfully bid head-to-head against two other companies to build 20 control panels for Watson Machinery International, Inc., the company supplying the bunchers to Packard, according to Pedro Maccou, superintendent, maintenance and construction.

Maccou said that sourcing these panels internally will save Packard approximately \$60,000. Electricians in Dept. 508 are now building the first set of panels, which will be shipped to Watson's plant in Paterson, N.J., for installation.

Cost wasn't the only factor Watson considered in sourcing this job, noted Bob Sweitzer, construction coordinator. Sweitzer heads the Plant 5 Peer Group, which interfaces with the Engineering and the Skilled Trades areas to estimate material and labor costs.

"It wasn't just a question of price," he observed. "Building the panels at Packard protects our technology, reduces lead

time and results in a superior product."

Tossing out the rule book

To prepare the best quote possible, Sweitzer said the Peer Group "threw all the rules out the window."

He explained, "We approached this job in a brand new way — we insisted on getting the best price for the material we needed. This was important because this project is very material-intensive. We didn't accept 'That's the way we've always done things' for an answer."

Communication and coordination were the keys to the panel shop's success, Sweitzer said. "The Peer Group worked with our skilled tradesmen, their supervisors, Packard suppliers, our Purchasing Department and the

customer to prepare this quote. Each group responded very aggressively and competitively."

A future profit center?

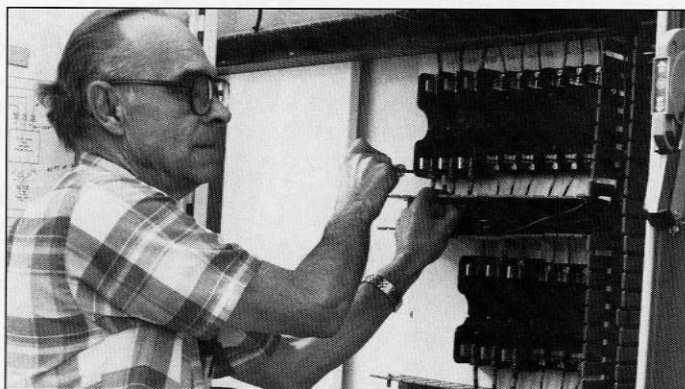
Panel shop supervisor Sam Wilmoth and electrician Bob Hobbs, who is the work leader in the panel shop, said their group would like to obtain additional projects from outside Packard. "We would like to do more competitive bidding to better use Packard's human resources to make a profit for the division," Hobbs stated.

Maccou agreed that Packard's construction group wants to take a more competitive approach in the future.

"Our work teams, both management and union, are constantly looking at ways to do things better," he continued. "We are focusing on those areas that provide the most opportunity to improve the overall competitiveness of Packard business units in Ohio, and we are having some success."

"We still need to become competitive in some areas," he cautioned, "but in this case, we've proven that if we change the way we do business — if we're willing to take risks — we can compete against anyone in the world."

—Ryndee Carney



Electrician Bob Hobbs installs wiring in the first group of panels for Ohio's Plant 10.

Plotting a course for the

The division's business plan is a road map that tells us how to remain No. 1 in the power and signal distribution systems industry.

Packard's key strategic thrusts

- To earn GM's business every day.
- To aggressively pursue growth with non-GM accounts and with non-traditional GM customers worldwide.
- To globally link and leverage operations and capabilities on a worldwide basis.
- To increase our worldwide position as the technology leader in our industry.
- To secure our future through the development of alternate technology products.
- To achieve Excellence in all that we do.

Imagine putting together a jigsaw puzzle without looking at the picture on the box for guidance and direction.

You'd constantly be looking at the pieces you've already assembled and trying to predict where the leftover ones belong.

This can be likened to business planning.

A large division such as Packard Electric, with more than 55,000 people worldwide in 20 countries, uses a business plan to make sure the entire operation fits into the overall puzzle picture which changes as the marketplace changes.

Scott Bailey, the former manager, Marketing and Business Planning, who is now regional manager, Americas, for Packard International, said business planning is performed to anticipate the future of the market Packard participates in.

Like the jigsaw puzzle, Packard looks for signals in the market others do not see.

"The world in which we compete is changing so quickly that it is too risky not to plan and anticipate what will happen. We have to be in a position to respond to our customers' changing needs," Bailey said.

"Business planning helps us predict where we need to be and start driving in that direction. Of course, there are mid-course corrections along the way and that's OK, as long as we are driving in the right direction," he added.

"As soon as the ink is dry on our

future

business plan, it is obsolete," Bailey said. "We continuously revise it as the marketplace changes."

Due to constant change, the process of business planning and self-evaluation is ultimately more important than the plan itself, Bailey noted.

One thing does not change: Excellence is the overriding philosophy of Packard's Business Plan for 1991-1995, which basically consists of three parts.

Bailey explained, "First, we assess the global business environment for our industry and see where we are positioned. Then we ask, 'What do we want to be?' Finally, we determine how we are going to become what we want to be. It's here where we define our strategies and consider the resources needed to implement the strategies."

While the purpose of the business plan is to provide broad divisional direction, it is not intended to give detailed instructions to Packard's various locations.

He said, "Each location needs to be able to act appropriately for its market, culture and location. A plant in Germany will not serve its customers exactly like one in Mississippi.

"It is important that the division thinks globally and shares ideas and knowledge. At the same time, each operation needs to be able to act locally."

Bailey concluded, "Our belief is that we will remain number one in the power and signal distribution industry by creating the future, and the business plan is our mechanism."

—Sharon Roncone

Packard's extended family

ACG plans ahead

Just as Packard employees have immediate and extended families, so does the division.

Packard Electric's extended family is the Automotive Components Group (ACG), which was formed in 1987 and is comprised of nine divisions that design, develop, manufacture and market thousands of automotive products around the world.

The ACG, which is the largest of General Motors' six operating groups, includes 154 manufacturing locations in 18 states and 12 countries, plus 25 joint ventures in 12 countries.

Steering such a large group requires a master plan, so the ACG developed its business plan objectives.

In the automotive components industry, competition is intense. Today, there are more than 200 transplant component companies in the U.S. — most of them Japanese. Some analysts predict that more than 300 foreign suppliers will have operations in the United States in the next few years as they continue to take advantage of the weakened dollar.

Competition in the global market is also intensifying, so a global perspective is necessary. That is why it is so important for the ACG to have a detailed plan of action.

Packard's task is to support the plans and initiatives of the ACG while continuing to develop and implement winning strategies for Packard's business, according to Scott Bailey, regional manager, Americas, Packard International.

The ACG established objectives in the business plan that set the direction for a variety of activities. The objectives emphasize:

- A customer-oriented, market-driven organization
- Continuous improvement
- Financial performance
- Customer focus
- People
- GM partnership
- Globally leverage the ACG
- Technology

Clearly, the ACG's mission is to provide a broad line of automotive subsystems, modules and components in support of GM and other commercial markets worldwide.

ACG business plan strategies

- Develop a global marketing plan which builds on the combined capabilities of the ACG divisions.
- Develop a comprehensive market-focused technology plan.
- Strengthen the ACG/vehicle group partnership.
- Exceed customer expectations through full implementation of the Quality Network.
- Fully implement the synchronous organization and manufacturing strategies, such as Design for Manufacturability.
- Reduce the break-even level of the ACG to meet or better industry norms.
- Develop a Human Resource Management plan to support business needs and the GM People Philosophy.



State of the business

For Packard employees around the globe, 1991 is a year in motion.

World events, economic systems, politics and markets are changing moment by moment, and Packard people are being challenged to respond to a business climate which is shifting faster than the sands of Saudi Arabia.

Packard General Manager Rudy Schlais said that although the business outlook differs for each of the division's major regions — Packard Electric North America, Packard Electric Europe and Packard International — each region has an impact on the others.

"This is an uncertain year for the automotive industry worldwide," Schlais noted. "The war in the Persian Gulf, rapid political and economic changes in Eastern Europe, the advent of EC '92 and a softening world economy are just a few of the factors affecting our business."

1991 business outlook North America

In North America, Schlais noted that although General Motors gained market share last year, the total number of vehicles sold declined.

"We entered 1990 in a depressed market, and these lower sales volumes caused persistent cost problems for Packard's North America operations throughout the year. Unfortunately, this trend is continuing — even deepening — in 1991."

Schlais observed that because GM represents more than 95 percent of

Packard's North American business, depressed GM sales are imposing severe capital and cost restraints in North America and other regions.

"Lower volumes last year hurt North America's competitiveness, and this region did not meet its Plan to Excel cost reduction targets. We have committed to close this gap in '91.

"We have promised our customers we will be internationally cost competitive in North America by December of this year," Schlais continued. "In light of GM's current production schedules and the uncertain economic outlook, we face a huge task and an urgent need to cut costs throughout our North American operations."

Europe

Packard Electric Europe experienced major growth in 1990; sales exceeded forecasted levels by 19 percent, according to Schlais.

Europe gained new customers last year and expanded business with existing customers. Part of this growth was fueled by increased demand from European consumers for more sophisticated safety, convenience and environmental features in vehicles, such as anti-lock brakes, power seats and engine management control systems.

Another factor was the realization by vehicle manufacturers that Packard Electric Europe offered cost and technology advantages over their in-house manufacturing. And they awarded Packard Electric Europe major amounts of business.

For 1991, Packard Electric Europe's growth is expected to con-

tinue, but sales are weakening there along with the global economy, Schlais said.

Also, Japanese vehicle manufacturers — and their suppliers — are aggressively entering the European market, a trend which will pose a competitive threat to Packard Electric.

"Packard made major investments in Europe in 1990," Schlais stated. "In 1991, we must focus on satisfying our customers and make sure we generate the expected return from those investments."

International

Packard International, which marked its second year of operation in 1990, also grew, acquiring business from Fuji Heavy Industries, New United Motor Manufacturing, Inc. and CAMI.

Schlais said that although the world economy is slumping, growth opportunities in emerging markets such as India and China still exist for Packard International in 1991. And because Packard International focuses on non-GM and non-traditional GM customers, it diversifies Packard's business, making the division's competitiveness less dependent on GM sales volumes.

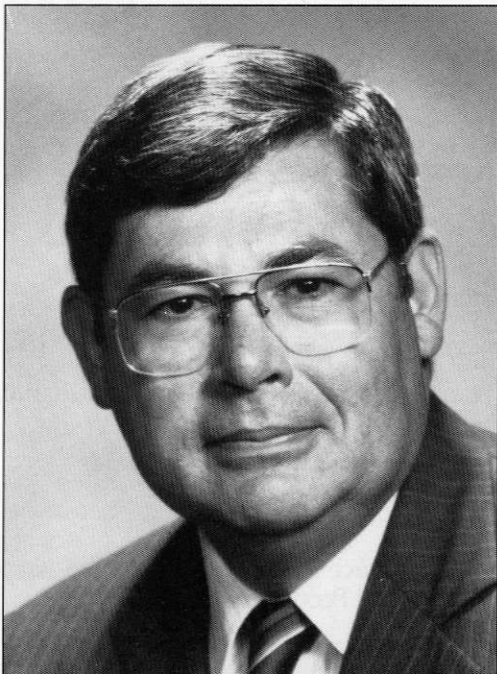
To maintain its growth, Packard International must beat out Asian "transplant" suppliers in North America and around the world, Schlais observed.

"In order to succeed, Packard International must respond to customers faster and provide lower cost, better quality products that are technologically superior to those offered by any supplier in the world. In addition, they must accomplish all of this with the least possible amount of investment."

Commitment to Excellence

Balancing resources with growth opportunities may be the biggest challenge facing Packard Electric in 1991, according to Schlais. He noted the Excellence concept provides the key to achieving this balance by focusing on customer requirements.

"In 1990, Packard Electric people



around the world made a commitment to be Excellent. Excellence truly has become the common language for all Packard people, no matter what native tongue they speak."

He noted Packard's customers are looking for a global, full-service supplier that is part of a systems team, such as GM's Automotive Components Group. Customers are also clamoring for faster responses to their needs, perfect quality and leading-edge technology — all at lower cost.

"Although the world is changing fast, the Excellence concept remains a cornerstone for Packard Electric people. Our challenge in 1991 is to help our customers succeed in their respective markets around the world. We can best support our customers by working with them to identify ways for Packard to add value to their products."



















Rating the Regions

General Manager Rudy Schlais rated the division's 1990 performance versus Packard's six business objectives by region: Packard Electric North America, Packard Electric Europe and Packard International.

He used the Excellence concept to develop symbols for this rating. A "smiling face" symbol indicates improvement, a "frowning face" symbol denotes no improvement and the Excellence symbol indicates performance that exceeded Schlais' expectations.

"This rating system recognizes that our performance for each objective differs for different regions," he said. "It reinforces our worldwide commitment to the Excellence concept and also communicates how Packard's regional areas can learn from each other. Our global linkage makes us stronger overall and gives Packard a competitive advantage."

Schlais developed the ratings shown below with input from each regional area.

	North America	Europe	International
Excellence	 Improved in ICSS* rating. Increasing commitment of all employees to Excellence.	 All people committed to Quality Network and Excellence.	 Actively promoted Excellence in all operations worldwide.
*Internal Customer Satisfaction Survey			
Quality	 Containment has prevented passing of poor quality to customers. Now working on fixing system.	 Customer awards recognized world-class quality.	 Recognized as world-class by customers.
Human Resources	 Continuing training and development.	 Major effort needed to develop and train for record growth.	 Excelled at developing and promoting people.
Competitiveness	 Did not close gap of Plan to Excel in 1990.	 Recognized as world-class by customers.	 Overseas plants are fully competitive. Cost of components needs more effort.
Technology	 World-class in wiring, but improvement needed in other areas.	 World-class in wiring, but improvement needed in other areas.	 Area to be developed in future.
Growth	 GM content of new customer systems provided growth to offset volume decline. New product lines introduced.	 Exceeded our expectations.	 Exceeded our expectations.

GM's retirees

325,000 strong

General Motors boasts more than 325,000 United States retirees and, of that number, about 3,675 are from Packard Electric.

As consumers, GM retirees play a vital role in the life of the corporation.

They constitute a large and loyal customer base and are entitled to participate in the company's employee purchase plans, which enable them to buy vehicles at reduced rates.

And most importantly, GM retirees often act as "goodwill ambassadors" in spreading the word about GM products.



A large group

- GM has approximately 325,000 U.S. retirees, which is more than any other U.S. company. In fact, only five U.S. companies have as many active employees as GM has retirees.
- The average GM retiree is 68 years old.
- The average age at retirement for GM employees is 58.
- More than 20,000 GM employees retire annually.
- GM retiree pension trusts are valued at about \$32 billion. By comparison, the worldwide net worth of GM — including EDS and Hughes Aircraft subsidiaries — is about \$31 billion.

GM retirees' ages

From 90 to 100	1,912
From 80 to 90	21,179
From 70 to 80	74,739
From 60 to 70	116,718
From 50 to 60	45,786

These figures do not include surviving spouses.

A growing gap

- The number of GM retirees and surviving spouses receiving benefit checks from the corporation has more than tripled since 1970.
- In 1970, there were 20 retirees and surviving spouses for every 100 active employees, a ratio of about 1 to 5. Today, there are about 64 retirees and surviving spouses for every 100 active employees, or a ratio of about 1 to 1½.
- By the end of its 47th year of operation, the GM retirement program had paid out \$17 billion to retirees. It will take only six years to pay out the second \$17 billion.

Securing the future

- GM pensions pay out about \$200 million a month in cash payments to retirees.
- In 1988, GM retirees and surviving spouses received a total of \$1.1 billion in health care benefits alone. Combined with life insurance and other retiree benefits, the total payout was nearly \$3.9 billion.

In the marketplace

- About 12 percent of GM retirees purchased vehicles under an employee plan in 1988.
- Retirees accounted for about 23 percent of GM purchases made through employee plans in 1988.
- During a normal week, GM retirees talk to an average of 3.5 friends and relatives about GM — for a total of more than 1 million potential customers.

State by state

GM retirees are located in every state. States with the highest concentration of GM retirees are:

Michigan	139,674
Ohio	52,730
Indiana	32,538
Florida	22,806
New York	22,335
Missouri	9,772
Illinois	9,720
California	9,123
New Jersey	8,796
Georgia	8,077
Wisconsin	5,219
Pennsylvania	4,269
Texas	4,162
Tennessee	4,088

Source: GM Employee Communications

Packard boasts 3,675 retirees

With more than 3,675 retired members of the "Pack" from the United States, the division claims about 1 percent of all of General Motors' U.S. retirees.

U.S. salaried retirees number about 575, while hourly retirees check in at 3,100, according to Tom Habel, supervisor, Salaried Benefits.

Most of Packard's retirees are living in Ohio. Other states with a high concentration are Mississippi, Pennsylvania, Arizona, the Carolinas and, of course, Florida, said Habel.

While these states are fairly common places for retirees, one of the lesser known locations for Packard U.S. retirees is Europe.

"We have one man living in Brussels and we had another person living in Spain," Habel said.

The division claims 20 retirees over the age of 90. Its oldest living retiree is Joseph V. Owens of Warren, Ohio, who is 98, still drives and just remarried. "His biggest complaint when he comes to visit us is he 'can't find a parking place,'" Habel said. "He told me he'd stop in again in 10 years. So I said I'd have a parking spot waiting."

Packard knows how important its retirees are to its business.

Habel explained, "They have a great influence on people in the car market and are wonderful in spreading the word about GM products."

Not only do retirees add to GM's bottom line, but they also are valuable members of the community. "Many volunteer at various organizations," Habel added. "They really show the community Packard's giving, caring spirit."

—Sharon Roncone

Outlook:

1991 on the Continent

“Keeping ahead of the Yazakis” is one of Packard Electric Europe’s pressing concerns, according to Dr. Ulrich Konzelmann, Engineering director, and René Haep, director, Sales and Marketing.

“Our competitors are following us in globalizing,” Konzelmann said. “That means they will be more price competitive than they have been before.”

“They are also going into more sophisticated technology areas. We need to reinforce the technology advantage we already have and to be faster with new products and new ideas for our customers. That translates into real cost reductions.”

Technology is another area on which Packard Electric Europe is concentrating. According to Haep, European car buyers are following the lead of state-side purchasers and ordering more: more comfort systems and more environ-

mentally friendly devices.

Security systems will also play a bigger role in the future, Haep said. In addition, new European pollution control laws require catalytic converters and controlled injection systems — which means additional wiring in vehicles.

“We will probably see more in comfort features, such as air conditioning systems, and also more navigation and communications systems in the future,” Haep commented.

Another challenge for 1991 is using the talents of Packard’s personnel — all employees, at all sites — to their full potential. It’s a concept known as “global teaming” — bringing together the expertise of the entire division to meet the

needs of customers and to keep Packard ahead of its competitors.

“The biggest advantage we can share is our resources,” Konzelmann explained. “When we can pull together more engineers on a project,



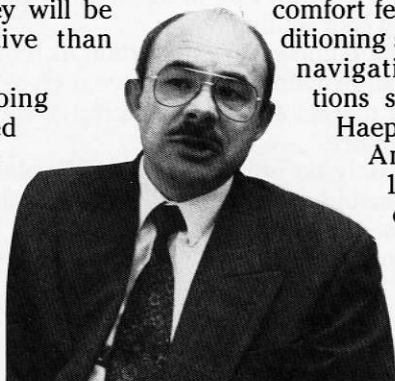
Haep

we achieve more impact on that project, and then we can distribute that work to more customers.”

There are many examples of global teaming among Packard Electric Europe, Packard Electric North America and Packard International. Design changes, process problems, automation and computerized engineering tasks are just a few areas where Packard facilities around the globe are pooling resources and personnel. Sharing the technology across these fields allows Packard to use that technology on a wider basis.

In addition to staying ahead of its major competitors, Packard Electric Europe is also keeping an eye on local competitors with established niches. Haep added that the approach of the European Community 1992 and crumbling borders of the Eastern European countries open potential business avenues worth exploring: Yugoslavia, Czechoslovakia and the U.S.S.R. among them.

—Tina List



Konzelmann

HEAVY Stuff

Today, as global pressures to succeed intensify, Plant 22 employees in Clinton, Miss., are finding that the modular approach keeps them focused on the customer.

Aligning the tool and die repair areas with the plant's modular organization has made the repair areas more responsive to their customers and en-

couraged a spirit of teamwork within each business segment, according to General Supervisor Johnny Pyles.

There was a time in this Mississippi plant when tool repair journeymen serviced dies according to whomever was available when the work order came in.

Tool repair journeymen worked in a central location and rebuilt dies with

little thought about which product they were servicing. One time it might have been a U.S. 150-ton mold (137 metric ton) with relatively few details; the next might be a U.S. 300-ton mold (273 metric ton) for a fuseblock.

By converting to modular organization, five separate mold and die repair areas were created — each supporting a specific manufacturing or business segment. These business segments comprise Autofuse, Conventional Molding (U.S. 150- and 200-ton; 137 and 182 metric ton), Advanced Molding (U.S. 40-ton; 36 metric ton), Bulkhead/Component Assembly and Terminal Make.

Each of the five business segments already had engineers and maintenance personnel who serve only that segment. Plant 22's tool and die repair area adopted the segment concept, "because a business segment can handle everything it takes to make the part and pack it for shipment," explained Pyles. "Each business segment is self-sufficient — independent of any other group."

Within business segments, maintenance people, tool and die journeymen, engineers and operators are all partners in producing a particular product. "With the addition of tool and die people to each segment," Pyles said, "the segments are now complete."

—Danny Greene



Journeyman Tommy Hudson, Dept. 2222 in Clinton, Miss., examines a die in the Autofuse Tool Repair area.



Reinshagen

Wolfgang Hoefer, Packard Europe's director of Cable Manufacturing, visited Plant 27 in Clinton, Miss., recently. He spent two days touring facilities and meeting with employees.

"People here understand what a customer is," Hoefer said. "Plant 27's equipment is excellent and has a high level of sophistication. I see good progress in preventive maintenance throughout the cable area."

Mark of Excellence

Packard presented GM's most prestigious supplier award, the Mark of Excellence, to three key suppliers in 1990.

GBS Forms & Systems, North Canton, Ohio; Camden Wire Co., Inc., Camden, N.Y.; and HIMONT, Wilmington, Del., each received a Mark of Excellence honor.

GBS produces custom-designed business forms; Camden Wire supplies copper core; and HIMONT is Packard's supplier of polypropylene.

Audi

Audi has awarded Packard Electric Europe wiring harness business for Audi's program with First Auto Works in Changchun, China.

The first sets are scheduled for delivery in March. Annual estimated volume for the China facility is 8,000 units.

This is Packard's first business in China.

Australia

Packard CTA has been awarded engine harness business for Nissan in Australia.

The agreement calls for two prototypes to be completed by the end of January, with production beginning in January 1992.

Nissan

In early December, Packard International shipped its first order of trunk harnesses directly to Nissan in Smyrna, Tenn. While this isn't new business, the product was previously supplied to Sterling Inoac, a Nissan vendor.

The harnesses were delivered one week after the order was placed.

CAMI

CAMI has awarded Packard International wiring business for the 1994 Geo Metro and Suzuki Swift. CAMI selected Packard over Yazaki, the closest competitor, through a competitive bid process based on 1991 designs.

Packard International will provide a resident product engineer at Suzuki headquarters in Hamamatsu, Japan, to assist with prototype wiring designs beginning this spring.

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