



PACKARD ELECTRIC Cablegram

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Economy, labor costs are causes

Third quarter losses \$468 million

General Motors Chairman Roger B. Smith and President F. James McDonald reported recently that GM sustained a loss of \$468 million during the third quarter of 1981.

They said the third quarter results reflected the low level of production related to continued economic weakness, higher manufacturing expense associated with GM's unprecedented conversion to new products for the 1982 model year, and the continuing increase in labor rates and material costs. These unfavorable factors were only partially offset by GM's unrelenting cost-reduction program, and net foreign exchange and translation gains.

The loss in the third quarter, which is typically the least profitable period because of new model changeover,

interrupts three consecutive quarters of modest profitability following the \$567 million loss in the third quarter of 1980.

This year's third quarter loss of \$1.59 per share of common stock reduced the nine months earnings to \$0.76 per share. This compares with a loss of \$1.95 per share in the third quarter of 1980 and a nine month loss of \$2.86 last year.

Smith and McDonald reaffirmed GM's intention to continue its substantial spending for new product programs and plants "to ensure that General Motors remains fully competitive, capable of offering a full range of vehicles of outstanding quality and value . . . throughout the world.

We are confident that our product philosophy and direction are right for the times," they continued, but stressed

"we recognize that confidence alone will not solve the sobering economic problems which confront us now."

They called attention to the sluggish economies of most of the industrialized world as well as the economics of the American auto industry—in particular, the noncompetitive cost structure that finds labor costs at General Motors about 80% higher than those of both its Japanese competitors and the average for all U.S. manufacturing companies. This difference amounted to approximately \$8 per hour last year and is continuing to increase in 1981.

"Confronted with that kind of disadvantage, no manufacturer can prosper and no jobs are safe," the two executives added in expressing hope that a solution can be reached before

the fall of 1982 when GM's current labor contracts expire.

Focusing on the U.S. economy, Smith and McDonald said, "until interest rates decline to more reasonable levels, we cannot look forward to a significant improvement in car and truck sales in the United States." As the major provisions of the Economic Recovery Tax Act of 1981 are phased in during 1982 and beyond, they continued, "the economy's momentum should increase gradually."

The two executives concluded that they "expect business activity to continue at a sluggish pace through the end of 1981 but look for a modest pickup to begin as we enter 1982. On this basis, we hope that auto sales will gain momentum as the year unfolds."

Machine shop: Build beats buy

by Joe Tori

Jake Shaffer rolls his desk chair across the small office and stops before a bank of flat storage drawers adjacent to his desk. He eyes up the drawers and opens one containing samples of the machined parts produced by his shop. He selects one of the neatly labeled parts and reads off the label. The part he has chosen is a shutoff nozzle that is somewhat complex in design. Five years ago, he says, the part was purchased on the outside for \$140. Today, the same part is produced in house for \$42, a significant savings.

The nozzle is but one example. There are dozens in this drawer alone.

The machine shop, located in the northwest corner of Plant 3, builds spare parts for all tool cribs including those in Mississippi and Mexico. In addition, the shop is involved in new-build programs for model change.

Shaffer, foreman, Dept. 511-machine shop, noted that in the 1981 model year, the machine shop generated savings of \$173,000. He attributed the savings in a large way to the improved work methods and efficiency created by the working relationship in the shop.

"The machine shop is organizing itself to become more competitive with outside vendors for new work," he said. These guys have generated the environment to promote this shop on new projects."

Instrumental in the first efforts to become more competitive was the addition of the first numerically controlled (NC) lathe in the machine shop.

Shaffer, said, "The guys in the shop

were given a challenge when we bought the first NC machine. That challenge was to produce quality parts at the capacity of the machine to generate the greatest cost savings. They more than fulfilled that challenge."

Consequently, he noted the shop now has five of the computer controlled machines. "These machines represent a substantial investment, but in all cases,

we were able to achieve payback in less than the estimated time." In fact, he noted, "The first year was a learning experience. We ran the machines only one or two turns per day. In other words, we achieved payback in less run time than the machines were capable of."

Ray Graham, general foreman, said, "To this point, this has been done

through the efforts of the machinists in the shop. It can continue to be done only through a cooperative effort between hourly and salaried people." He added, "We are striving through communication to improve this relationship."

The "relationship" has several facets. It involves the cooperative efforts of the
(Continued on page 3)



FACTS COLD AS STEEL — A drawer full of sample machined parts lies open in Jake Shaffer's office. The tag on each part compares the in-house cost of the part to the cost from an outside vendor.

News - - briefs

Organization changes

The following organization changes have been made in Manufacturing, Product Engineering and Mississippi Operations, and are now in effect: **A. Lee Crawford** has been appointed director, Warren Operations—Assemblies, replacing Ronald L. Schubel. Crawford formerly was manager of the Thomas Road, Hubbard, Austintown and Cortland plants. **Nicholas J. Bozich** succeeds Crawford as manager of those plants. Bozich has been chief engineer, Application Engineering. **David R. Heilman**, formerly chief engineer, Materials, Cable and Components, has been named to succeed Bozich. **James L. Crouse** has been appointed chief engineer, succeeding Heilman. Crouse formerly was manager of Plant 22 in Clinton, Miss. **John E. Zuga** moves to manager, Plant 22. **Gregory J. Dawe** has been promoted to manager, Plant 21, Clinton, replacing Zuga.

Ford plants for sale

Ford Motor Co. has confirmed it is "actively" negotiating the sale of two assembly plants it shut down permanently last year, reported the Detroit News. The facilities are at Los Angeles and Mahwah, N.J. Ford declined to identify prospective buyers or to say whether a deal is close. In addition to the assembly plants, Ford also has a transmission plant near Cincinnati on the auction block, and its Michigan Casting Center near Flat Rock has been earmarked for closing.

12.9% interest

General Motors Acceptance Corporation (GMAC) continues to offer 12.9 percent annual percentage rate financing on GM's small, front-wheel-drive cars through Nov. 11. The offer, available through participating GM dealers, is good on 1981 Chevrolet Citation, Pontiac Phoenix, Oldsmobile Omega and Buick Skylark models. Also included in the program are 1982 Chevrolet Cavalier, Pontiac J2000 and Cadillac Cimarron models. Delivery of the individual vehicle must take place by Nov. 11 to qualify for the GMAC financing rate.

Car prices really lower?

F. Alan Smith, GM executive vice president said, "The average family had to work about 17 weeks to buy a four-door Chevrolet Impala in 1981. In 1970 it took 18½ weeks, and in 1960 it was 25 weeks. The price of cars has declined relative to family income." Quoted in the **New York Times**, Smith added that auto prices, as calculated in the Consumer Price Index, increased 69.9 percent from July 1971 to July 1981, compared with cost increases of 128.5 percent for food, 138.5 percent for housing and 128.8 percent for medical services.

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Deaf employe close to her work

The silent world of Betty Gee

by Michael Hissam

A connection is made on a Hybrid Integrated Production System conveyor at Austintown - Plant 44; the ring out system begins beeping. At the next station, an employe pushes a connector into a holder and a snap is heard. The seating terminal makes a click as it becomes part of the harness; splice tape is ripped and placed on the wires. Somewhere down the line, the sonar begins buzzing and someone checks out why the connection wasn't made. The low frequency hum of the conveyor is ever present. A fan whirs overhead, drowned out only by a distorted public address announcement.

All these sounds are taken for granted by Packard employes. But for one Austintown employe there is only silence. Betty Gee, Dept. 4444, has been deaf since birth. For her, the learning process at Packard has been markedly different in that sound was not a part of that process.

Gee, speaking through her daughter Jackie, a ninth grade student at Mineral Ridge High School, said that she likes her afternoon-turn HIPS line job very much. "I feel closer to my work, now that I have completed my second year at Packard. I want to do a good job. I really like the people at Packard and they treat me very well. I have abilities and I want to advance at Packard."

Betty Gee said she manages to communicate to others on the line who know a few words in sign language. "I sometimes will exchange notes with a



DEAF EMPLOYE Betty Gee, Dept. 4444 (left), talks to the Cablegram through her daughter Jackie by using sign language.

co-worker or supervisor when that need exists. As I become more familiar with people, I can read their lips. I am quite able to communicate this way and I can understand those trying to communicate with me."

She added that although she does not hear, she can feel when certain things happen. "I can sense when a roll of tape is dropped by a person next to me. I can also feel when it is thundering

outside. My eyes are my ears."

Although she does have a handicap, Gee wishes that "people would treat me as though I have no handicap, and that they should realize that others who are deaf can do a job as well as those who have normal hearing. I wish more people would learn sign language."

"I don't want special treatment on the job, just the opportunity to show what I can do."

Cost of labor is jobs, Smith warns

The ultimate price of non-competitive labor costs in the nation's auto industry is jobs, according to the chairman of General Motors.

Keynoting the 50th International Conference of the Financial Executives Institute, Roger B. Smith said that according to the U.S. Department of Transportation, in the last two years domestic automakers have closed or announced the closing of more than 20 facilities resulting in 50,000 workers being affected. In many cases, those jobs were permanently lost, and there was a reduction in the community's economic base.

"The lights in U.S. auto plants have been going out all over America—extinguished by high labor costs. The price is too high for us—and it's too high for our employes," Smith said. "Remember, the ultimate price of non-competitive labor costs is jobs."

Smith said there is an urgent need for GM and the UAW to sit down now and discuss these labor costs.

"Unless we can get a handle on excessive labor costs in our industry, there will be more plants shutting down—and more auto industry jobs going offshore," he said. "Because of our long lead times, important business decisions affecting General Motors' future—and our employes' future—are being made every day, based on present circumstances. We can't wait till next year to start our discussions. We need to address the labor cost differential now, before too many more jobs are lost."

Smith noted GM's labor costs are currently 80 percent higher than those of Japanese automakers and also about 80 percent higher than the average costs for all of American manufacturing.

Over the last decade, the situation has greatly deteriorated, he added. For example, the premium in labor costs at

General Motors was only some 50 percent higher than those in the rest of American manufacturing. But today, the premium has grown to 80 percent.

"If this sort of trend were to continue, becoming competitive would be not just difficult but impossible," Smith said.

"All this adds up to one simple fact of life: If General Motors is to continue to have viable operations here in North America, and if we are to continue to maintain a high level of employment in the United States, then we and the unions are going to have to sit down together."



Smith

Any agreement that would help correct the labor-cost disparity could send positive signals throughout the economy—particularly at a critical time like this, according to Smith. Such an agreement could have a beneficial influence on negotiations in other American industries, and it would represent an enormously important contribution to the welfare of our entire country.

Smith went on to point out that while plant closings are taking place regularly, GM is looking at alternatives to closing facilities completely. GM, he

said, is faced with a non-competitive labor-cost situation at its New Departure-Hyatt Plant at Clark, New Jersey. Rather than closing the plant and putting the employes out of a job, GM is planning to sell the plant to employes, most of whom are represented by the UAW.

"They (the employes) intend to run the plant themselves," Smith said. "But in order to make it competitive, they'll be paying themselves 30 percent less than they currently receive from General Motors."

Smith then pointed to the changes under consideration in the Clean Air Act as holding the potential for creating additional jobs in the auto industry and related supplier industries.

"The sooner Congress acts in revising the Clean Air Act, the sooner General Motors can begin to take some of the emission-control equipment off these cars," he said. "We can't take all of the equipment off, of course, nor would we want to. But we might be able to remove some \$300 worth from our base cars."

He said whatever GM can remove will be reflected in sticker-price reductions as soon as possible after the changes are in effect. "Lower prices should create greater demand. And increased demand, in turn, should result in the hiring of more employes," he added.

According to preliminary studies, Smith said GM estimates that every one percent reduction in prices made on an industry-wide basis could result in a new gain of up to 4,500 auto industry jobs. And in the supplier industries, there would be an additional gain of 9,500 jobs.

"A total of 14,000 jobs in all," he said, "and for every additional one percent cut in price, another 14,000 jobs could be created."

NCs, machinists save money

Dept. 511 beats the competition

(Continued from page 1)

machinists, the programmer, a PEER group member and, last but not least, supervision.

Sam Costello, machinist—Costello has worked in Dept. 511 for 13 years and operated an NC milling machine for about one year.

"Computers are in the future. To be competitive with anyone, you have to understand them and know how to use them.

"The quality of machined parts is consistent and production is really high. And the machines are easy on the operator. The setup is the most complicated thing. We have to interpret the program make the set ups and edit the programs. The machine can save time by changing its own tools . . . especially on high volume."

"We are getting into more complicated parts now, because we can do them. The machine is more accurate than any manual operation could ever be.

"The new equipment has inspired us to do more by allowing us to do more."

And the work environment? "We are like a team. Everyone has some input."

Butch Dillon, machinist—Dillon has been training on an NC milling machine for the last four months.

"I had a little experience with NCs before I came here, but nothing like this. It is the way technology is going to have to go. It is faster, more effective and the quality is more uniform.

"Learning to read the program and being able to go back through it and pinpoint problem areas is the hardest part, but it gets easier.

"With NCs you can do a lot with a minimum of effort. You feel more productive and proud of your work.

"This kind of work environment is necessary if we are going to be more competitive. If we don't do the work then someone else will get it. It is necessary to insure everyone's work."

Charlie McMath, programmer—McMath has worked in Dept. 511 since 1953. He became a methods analyst in 1977 and does the programming for all NC machines in the shop. In addition, he schedules the work and assures the availability of tooling and stock.

"It makes a lot of difficult jobs really simple. It can cut on two axes at once if it is milling or cutting circular, and in



MILLING AROUND — machinist Bill Knappenberger, of Dept. 511, uses one of five numerically controlled milling machines in the shop to produce a Weather Pack connection tester.

straight-line cutting it can cut all three axes simultaneously.

"The machinists can make the machines run as efficiently as possible. This is where their skill comes in.

"I like our setup. I learn from those fellows, they are pretty sharp.

They come up with a lot of good ideas to make the machines run better.

(Continued on page 4)

Fiat gets new guts at Packard

by Joe Tori

Bill Nikpalj and Dario Picchio arrived in Warren, Ohio from Italy on June 15, 1981. They were intrigued by American culture and amazed by the vastness of the land.

Dario spoke no English, and Bill knew only that English he had heard in popular Beatles songs. In the four short months since their arrival, a part of

them has become American.

Also on June 15, a Fiat Strada arrived in Warren, Ohio from Italy. Since its arrival, a part of it has also become American; its wiring.

Nikpalj and Picchio are engineers for Fiat in Italy. Nikpalj works directly for Fiat, while Picchio works for Cavis, the Italian equivalent of Packard Electric. For the past four months, Nikpalj and

Picchio have been working with Packard engineers to redesign the Fiat's electrical system.

According to Ron Brooks, international sales manager, the project began with a visit from six Fiat engineering managers requesting guidance and direction in improving their electrical system. Packard would engage in the program with the help of two Fiat engineers. Packard would demonstrate to Fiat's engineers Packard's approach to wiring and the advantages of Packard components.

The strategy, Brooks said, is "to encourage them to purchase Packard components and specify them on their blueprints for use worldwide."

Tom O'Keefe, senior project engineer, said, "We gutted the car of all wiring and redesigned the wiring system to include state-of-the-art Packard components and techniques." Among them: Weather Pack, Metri Pack, Autofuse, low-profile lamp sockets and convoluted conduit. "Every wire in the car was replaced utilizing Packard's modular approach to wiring."

He continued, "We've shown the Fiat engineers the advantages of modular wiring and improved fusing. We have shown them those ideas that we feel would be compatible with the Fiat system.

Marty Zofko, supervisor Application Engineering, added that when the car is shipped back to Torino, Italy, the Fiat engineers will present our approach. He noted however, that before the car is shipped back to Italy, it will go to Delco Electronics in Kokomo, Indiana for a radio installation. It will then be fitted with halogen headlamps and lighted vanity mirrors at Guide Lamp division.

To round out the package, Zofko noted that the car has been fitted with a Delco Remy battery, and Harrison Radiator division Air conditioning system with a Packard harness, a program which that division has already sold to the Italian manufacturer.

So, when the car leaves America for its return trip to Italy, *la fine buo essere justo il principio* (the end might just be the beginning).

Brookhaven employees donate, assist state blood emergency

Employees of Packard's Brookhaven, Mississippi facility recently responded to an emergency need for O-type blood in that state.

Brookhaven-Plant 23 employees were alerted at approximately 9 a.m., September 16, that there was an emergency need for O-positive and O-negative blood in the state of Mississippi.

A mobile unit from Mississippi Blood Services arrived at the plant at 1:35 p.m. 31 employees with O-type

blood donated a pint each, and the unit was on its way back to Jackson by 3:30 p.m.

The Blood Service called the efforts of these people "fantastic," and noted that lives were definitely saved as a result. In addition, the service pointed out that it was possible the drive was the only one of its kind where there was a specific need and so many people responded.

Those who participated in the drive are listed below.

- | | |
|---------------------|---------------------|
| Lee Barlow | David Morgan |
| Curtis Barnes | Eddie Pickett |
| Lamar A. Barnes | Nellie Jo Rials |
| Charles Brown | Betty Jo Smith |
| David Bryant | Claude C. Smith |
| Sandra Cotten | Virgil Stewart |
| Bettye Cotton | Terry Walker |
| Steve G. Delaughter | Nelson Gean Wallace |
| Greg Douchard | Deborah R. Walters |
| Benjamin Franklin | Kathryn White |
| Janet Goleman | Ronnie White |
| James Herbert | George L. Wiggins |
| Eddie Johnson | Rosie Williams |
| Nancy Brown | Ruth Williams |
| James Moak | Kenneth Wooten |



FIAT ENGINEERS Dario Picchio (seated in car) and Bill Nikpalj (right) discuss Packard's instrument panel harness with project engineer Tom O'Keefe.

S-S-Sensational . . .



THE GMC S-15 compact pickup for 1982 will compete head-on with the imports in the growing small truck market. "This new small pickup is right for the times and we expect it will bring buyers of trucks for personal use back into the market," said Robert W. Truxell, a General Motors vice president and GMC Truck & Coach Division general manager. It is a conventional two-wheel drive pickup, available in two wheelbases and two box lengths. Standard powertrain includes a four-cylinder engine and four-speed manual transmission. Available equipment includes power steering, power brakes, power windows and door locks, AM/FM stereo with cassette tape and cruise control.

Machine shop stays competitive through cooperative employee effort

(Continued from page 3)

This is the biggest NC area at Packard. I think the fellows in the shop really made this thing work.

"To stay competitive, this is the only way to go."

Charlie Hudak, PEER group member—Hudak has been a machinist in the shop for 17 years. He has been a member of the PEER group only five weeks, its most recent appointee.

"I estimate the cost of jobs for the machine shop based on my experience. More often than not we are able to generate a savings.

"The PEER group has been around for two years, but they just recently put a representative on from the machine shop.

"On the PEER group, I provide a more accurate estimate of the time required for a job and suggest work methods. The machine shop is a resource and can save money. I more or less sell the services of the machine shop. I am a spokesman."

"Sometimes if I have a question, I'll ask these guys (the machinists) 'what do you think? If we do it this way will we be able to be more competitive?'"

Graham noted, "The machine shop has great potential down the road with all the new and different kinds of machinery. And, NC equipment will play a more prominent role in the shop's ability to stay competitive.

"But, our greatest resource is our people. I feel we can stack up our machinists against any in the business. We not only have some of the finest machinists and the best equipment, but we also have a desire and an attitude that lends itself to working with any department or engineer at Packard. When we have needed that extra effort, our people have produced.

"The continued efforts and cooperation of machinists in the department provides an incentive to improve and purchase the equipment necessary to keep us in the competitive market.

Packard probe

QUESTION: In your opinion, what must GM do to become more competitive in the marketplace?

Don Woodard
Dept. 552

"GM should offer a product that is at least equivalent in value and price to the foreign manufacturers. That way they can sell more cars."



Woodard

Don Deane
Dept. 552

"Well, I think they should stress their quality more and document the cars that have high mileage on them to counteract the imported cars. And, instead of giving rebates, they should have a temporary price reduction for that period of time."



Deane

Belinda Miller
Dept. 353

"I think that we should lower our prices. But more importantly, I feel it should be the duty of the company to make the employees feel secure in the future. If employees feel as if their jobs are going to move or be taken away from them, then what incentive is there to buy a car."



Miller

Rino DiPaolo
Dept. 552

"Well, I would say there are two factors involved; first of all better engineering. That's one factor. The second one is that management must utilize the people better. The union has got to go along with management to have the people be more productive."



DiPaolo

Charlotte Thompson
Dept. 374

"It's important to keep the cost of the car down without sacrificing quality. Now, management has cut down on labor costs, but now it seems that management has to reassess itself internally."



Thompson

Retirees' corner

EDWARD R. CLECKNER
Dept. 333
28 years

MARY D. SPALA
Dept. 1274
31 years

WILLIAM D. BOWERS
Dept. 1056
23 years

ANN K. SHINOSKY
Dept. 335
27 years

JOSEPH OPALK
Dept. 1146
36 years

ROBERT J. BENNETT
Dept. 916
37 years

LESTER W. KISTLER
Dept. 545
17 years

KATHLEEN YINGLING
Dept. 871
34 years

ROSE P. DeSANTIS
Dept. 4175
31 years

ISABEL B. MOLNAR
Dept. 1474
26 years