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classifieds inside

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Former AMC chief finds new career in crisis management

By Carolyn Smith
special writer

In his West Bloomfield office, Gerald C. Meyers is all fired up to talk about his new book on crisis management.

Instead, questions touch such areas as foreign competition, the trade and budget deficits and perceptions of General Motors. The Bloomfield Hills resident graciously fields all questions.

He's probably the right man to be advising other people that flexibility and a readiness to accept sudden change are needed to manage business crises. Meyers tells his story as a visiting professor of business at Carnegie-Mellon University, president of his own consulting firm and author of his first book, "When it Hits the Fan: Managing the Nine Crises of Business" (Houghton Mifflin Co.).

A veteran of 35 years in the automobile business, most recently as chairman and chief executive of American Motors Corp., the 58-year-old Meyers does not shy away from most questions. He declines to name the clients who pay him and his associates to advise them on how to manage crises, saying only that they are medium- to large-size manufacturing and service industries all over the country.

Meyers began his career in 1950 as a management trainee at Ford Motor Co. Cut short after two years by service in the Air Force during the Korean War, Meyers' career continued in 1954 at Chrysler Corp., where he stayed for eight years.

In 1962, he took the post of director of purchasing at AMC.

"I'll never forget that day. Just as I walked in the door, George Romney was leaving (as the company's chief executive) to run for governor. I remember thinking, 'I'll have your job some day.' "

HE GOT IT in 1978, after "three long years" of political infighting and "executive shootout,' " as Meyers describes it in his book's section on top-management succession crises. A year later, Meyers helped arrange a partnership with the French government-owned company Renault.

"I was the first auto company executive to think in terms of a foreign partnership," he said.

Insensitivity to foreign cultures nags Meyers.

"If I can identify anything that contributes to an executive's failure, it is ignorance. We are so ignorant of the world around us."

Not long ago, Meyers said he asked his class of executives — some of them from other parts of the world — how many could name the prime minister of Canada and the president of Mexico.

"There was a *smattering of hands. How close can we* come to ignorance of foreign lands? We are now learning that we are in a global economy."

The domestic trade deficit is causing an employment crisis in heavy industry, Meyers said. "There's no financial crisis yet because offshore producers who are doing well (in the U.S.) are leaving their cash here. Until the dough leaves with the business, I'm not worried."

He is concerned about the federal budget deficit, though infusion of foreign money is helping the situation. Praising the Japanese government for buying bonds to help keep the federal government afloat, Meyers claimed it beats the govenment's alternative of printing and releasing more money to pump up its supply.

GENERAL MOTORS, which recently announced a scaledown of its Saturn project, the closing of nine plants, and the reduction of salaried employees by at least 25 percent, is "going through a period of sizable change that was decided years ago," Meyers said.

Identifying two kinds of change, "gradual and evolutionary, known as progress; and very fast and radical, known as a crisis," he claimed GM is in the throes of the fast, radical type, and is experiencing a crisis in public perception.

Part of that negative perception, Meyers contended, has been fueled by H. Ross Perot, Texas billionaire, GM's largest stockholder and a member of the company's board of directors. Perot recently criticized the company's executives for being aloof and detached from their lower ranks and from consumers.

Meyers declined comment on Perot's allegations, saying he doesn't know the man or his motives for airing his concerns publicly.

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BILL PARKER/staff photographer

Gerald Meyers: "All the auto companies are catching the same social disease. It's called 'Gone to Korea.' "

Companies ill-prepared to deal with catastrophe

"When It Hits the Fan: Managing the Nine Crises of Business"
by Gerald C. Meyers with John Holusha
Houghton Mifflin Co., 258 pages, $17.95.

business books

Texts, case studies, theories and models are fine in business school. Only problem is, they don't always offer the right solutions to the endless crises facing managers of business.

Gerald C. Meyers, former chairman and chief executive of American Motors Corp. in Southfield, drew from his experience and meetings with chief executives to help fill that void with his book, "When It Hits the Fan: Managing the Nine Crises of Business."

Currently the Ford visiting professor of business at his alma mater, Carnegie-Mellon University in Pittsburgh, Meyers also heads the West Bloomfield office of Gerald C. Meyers Associates, a team of consultants specializing in crisis management.

Meyers says in the book he decided to write it after chief executives appeared before his graduate students "to explain their particular crises and to defend their actions."

Memorable — and fairly typical — he claims, was the session with William M. Agee, former head of Bendix Corp. in Southfield, who was "eaten alive" by Martin Marietta's chief executive, Thomas G. Pownall.

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New beginning

Standard Federal seeks diversity beyond single-family home loans

By Tim Richard
staff writer

In the high-interest rate year of 1981, Standard Federal Bank found itself taking a double beating.

Thomas R. Ricketts, board chairman and president of the Troy-based thrift institution, put it in perspective:

"Historically, thrifts made 30-year mortgage loans with passbook money. We had to compete (for deposits) with the money funds."

As depositors were wooed away by money-market funds, Standard Federal peddled $1 billion in long-term, fixed-rate loans at a $300 million discount and took a total $335 million earnings loss for the year.

"We decided," Ricketts said solemnly in an interview last week, "we never would tolerate that to happen again."

THE 93-YEAR-OLD Detroit-born savings bank embarked on a seven-step restructuring. When it's completed by year's end, Standard Federal will look more like a general purpose bank.

Thomas R. Ricketts
Diversifying, "but conservatively"

The final step will come in the next month as the former mutual bank (owned by its depositors and borrowers) offers to sell 23 million shares of stock at a hoped-for $15 a share.

"The stock sale is the last item in our restructuring," said Ricketts, "because we said 'let's get our operation in perfect condition first.' "

Not only will it become a publicly held corportion, as many other thrifts have become. But with the "thundering herd" of Merrill Lynch, along with Salomon Brothers, as its underwriters, Standard Federal also will seek an immediate listing on the New York Stock Exchange — a rarer step.

Beginning today through Dec. 5, Standard Federal will hold a series of 30 community meetings for eligible depositors and borrowers. Stock then will be offered to residents of Michigan and Indiana, where it does business through 83 ofices.

THE INDUSTRY trend, as University of Michigan business economist Rose Wilhelm used to point out, is for once-specialized institutions to offer a full range of services — mortgage loans, commercial loans, checking accounts, credit cards, IRAs, brokerage services and so on. Wilhelm predicted that one day institutions would look much alike.

"There has been a removing of the distinctions," agreed William J. Murray, senior vice president for corporate planning. "But homogenization won't occur quite so quickly. We can grow and diversify within reason."

"But conservatively," Ricketts interjected.

"Our bread and butter is single-family home loans," he said, noting Standard Federal records more mortgages in metro Detroit than any other firm. "We have the contacts. We have fast service.

"You see some pretty strange game plans, but we will stick to our business. No condos in Arizona or office buildings in Houston. We've stayed home," said Ricketts, a Bloomfield Hills resident who earned business and law degrees at the University of Michigan and who started at Standard Federal in 1956.

The partial "homogenization" of institutions was aided by two federal deregulation acts, most notably the 1982 Garn-St. Germain Depository Institutions Act, named for the chairmen of the two congressional banking committees.

STANDARD FEDERAL'S game plan looks like this, according to Murray:

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