

Papers rarely know who will succeed at GM

When the Detroit Free Press announced Elmer Johnson, then executive vice president, "The Next Chairman at GM" a year or so ago, the story demonstrated the hazards of predicting the next chairman of GM in a news story.

The only thing you know for sure about who is going to be the next chairman at GM is that no past GM chairman ever had a story about himself predicting he would be chairman.

In fact, there is considerable evidence that a large picture of yourself on the cover of a magazine predicting you are going to be the next chairman of an auto company is a good way to get your boss mad enough to make some other guy chairman.

THIS IS KNOWN as the Lee

Iacocca syndrome. In fact, it wasn't so long ago that a front-page story about a big shakeup coming at GM management provoked such strong denials that you started to think GM had started some kind of Japanese-style system of guaranteed employment.

Which is one reason why I generally try to avoid putting in writing what I think are the next candidates for high executive positions.

Regardless, GM did announce a big shakeup last week, and aside from the rush of mothers going for the scissors and scrapbook, it provokes a mixture of curiosity, envy and a bit of wonder at how this company larger than most countries undergoes a change of power.

I tend to react to these announcements of personnel shifts in stages.



auto talk
Dan McCosh

FIRST, I get a twinge by noticing there are two guys on the organization chart who are younger than I am. Three are shorter than I am, and all are richer.

Three guys are named Smith, and GM reminds you that they aren't related. There are five names I've never heard before, and three have titles I never heard of either.

All this aside, I notice for the first time in years, there seems to be a noticeable effort to move hard-core

engineering types up the corporate ladder. Robert J. Eaton, formerly vice president, technical staffs, who survived the EDS wars, lands a job as head of GM of Europe, while his old post is taken by Donald J. Runkle, who survived the advent of electronics at Buick.

BUT THE dominance of financial types, followed by those steeped in the arcane art of manufacturing and material management, which has prevailed under the Smith reign, re-

mains. Relatively few divisional general managers are at or near the top these days — probably the most noticeable change in the old line of succession.

The recurring cliché about top management is that the chairman is a financial type, while the corporate president can be something else. This precludes Robert Stempel getting moved to the chairmanship, but most of the newspaper speculation seems to lean toward that happening anyway.

I note that the worst job on the list went to William E. Hoglund, who used to have it easy running Pontiac, then was promoted to head up the Buick-Olds-Cadillac group, now gets automotive components and a new power products and defense group.

THIS IS A tough job mainly be-

cause ever since Robert Stempel was made president, he's been making speeches about how GM's supply operations must be made profitable or else. "Or else" jobs are tough.

Second-worse job is inherited by J.T. Battenberg III, as group executive, BOC, since nobody at GM understands what the triple-letter car groups are supposed to do, but everybody blames them for what goes wrong.

Johnson, of course, resigned last week to go back to the private practice of law. He was the last of a series of outside managers that GM chairman Roger Smith recruited in an effort to enliven the GM bureaucracy.

Dan McCosh is the automotive editor of Popular Science magazine.

Employees aren't nannies

By Mary DiPaolo
special writer

I've seen it occur at four businesses within the past two weeks. What is it? Female business owners using employees to "babysit" for minor children on site.

In an age when quality day care is often difficult to find among working mothers, employees are becoming the new breed of caregivers for women who own and operate their own business.

Although this may be convenient, many facts should be considered before a business owner turns an em-

ployee into an on-site caregiver. Depending on the nature and extent of operation, it may be inappropriate to consider on-site care for one or more of the owner's children.

BUT PRACTICAL considerations are associated with taking care of children, such as safety, security and feeding/sleep schedules. Business owners must be aware that babysitting is and should be a full-time job.

"At our store, all of the employees share the work involved with watching their baby," one part-time employee said. "But it gets too crazy when no one can remember when the baby was fed or when it last slept

once we get busy doing our regular work, not to mention that the mother is hardly ever around to help when she said she would."

Next week we will discuss what can be done to make on-site day care a mutually beneficial arrangement for both employees and business owners.

Mary DiPaolo is the owner of MarketTrends, a Farmington Hills-based business consulting firm. She is also producer and host of the cable television series, "Focus: The Small Business Environment."

Income tax has expanded to pay for big government

By Sid Mittre
special writer

In a two-part article we will put our complex tax system into proper perspective.

The purpose of income tax

A brief overview of the purpose and history of the federal income tax system will provide a basis for understanding the current tax laws.

Income taxes are levied to provide the government with the income necessary to meet the needs of its people. The government must not only provide for defense, but must also attempt to address many of the social problems facing the nation. Pollution, decay of the inner cit-

ies, inadequate educational facilities and conservation of scarce resources are just some of the major social problems facing governments today. Income tax is a primary source of revenue to meet these needs.

While a simple, fair and equitable levy of income taxes against all citizens is certainly a worthwhile goal, tax rules, laws and regulations are extremely complex. There are three primary reasons for this:

1. The sources of personal income are complex, and any attempt to tax that income is bound to be complex.
2. Income tax is used not only to provide revenue to the government but also to encourage certain forms of economic activity (home ownership, savings, other forms of investment).

3. Large special interest groups lobby to receive preferential tax treatment.

Within this complex environment, the current tax laws have evolved.

Income tax history

The 16th Amendment to the Constitution, passed in 1913, authorized the U.S. government to collect income taxes. The first permanent income tax in the United States became effective March 1, 1913.

Next week: More on tax laws.

Sid Mittre is a professor of management at Oakland University and proprietor of Coordinated Financial Planning.

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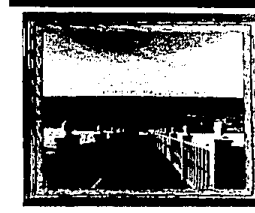
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