

Help customer, salesman says

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"He does an outstanding job taking care of customers, follows up with them and is more than happy to deal with their service needs," Cook said.

Shepherd, who lives on a lake in Davisburg, said he doesn't have any hobbies other than doing family-type things with children Steven, Doug and David, and wife, Laura. He finds yard work relaxing.

But cars and sales are obviously a big part of his life.

"Confidence breeds success, and when you've been around a product as long as I have, you have a certain degree of confidence," he said.

Slightly more than 21,000 Audis were sold in 340 U.S. dealerships during the 1990 model year, said Val Brown, a company spokesman. Cook said his dealership ranked sixth nationally in volume.

Indiscriminate cuts can cripple company

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firms, 94 percent planned and implemented downsizing within 60 days," Cameron said.

"The biggest mistake, however, is pursuing downsizing as a program or target or a one-time thing, rather than a business way of life. Not only do you hurt people who leave the organization, but when done wrong, it hurts the survivors."

Many companies that reduce headcounts, don't redesign work, he said. As a result, survivors may lack necessary skills, or experience, or knowledge to get the job done.

In addition, survivors often experience an odd mixture of envy and guilt. While initially guilty for keeping their jobs, survivors often become envious of the buyout or severance as well as retraining or placement programs given those let go. Extra work and salary freezes may add to the envy, Cameron said.

But perhaps most important, is that companies often lose their best employees.

"Those marketable take the chunk of money, then find employment elsewhere or form a new business," Cameron said. "With subtle decreasing and downsizing, it is easy to hurt the organization. The scar tissue is greater; leadership anemia may result."

SOME ADVICE from Cameron: Downsizing must be a human resource issue, not simply the management of financial ratios.

"Companies have to redesign work as well as downsize," Cameron said. "Every employee needs to be put in charge of downsizing. How to cut costs and increase productivity becomes a problem for every single employee."

Cameron found that the most effective companies had an information system for both those who lost their jobs and the survivors. Successful firms also committed to "trimming the fat" as a clear objective aimed at improving productivity and

enhancing competitiveness — a combination of short-term and long-term approaches.

No clear-cut solution exists to prevent the loss of the best employees during downsizing, especially as most companies are still opting for the apparently "painless" approach of buyouts and early retirements. But there may be a bright side to the economy as a whole.

"Many of these people will own businesses and add vigor to the economy," said William J. Rauwerdink, who has worked on local downsizings at Deloitte and Touche. "The knowledge to get the job done, entrepreneurial companies are quicker in their feet."

OVER THE LAST year and a half, ITT in Auburn Hills, producers of steel and plastic tubular products for fuel and brake systems, has consolidated and streamlined administration and research and development for Higbie Manufacturing and Baylock Manufacturing companies.

The new unit has seen sales increase 15 percent in the past two years to \$153 million annual sales, said ITT Higbie Baylock president Ralph A. Iorio.

While decreasing accounting and personnel administration staff, ITT Higbie Baylock increased its engineering force from five people four to five years ago to 29 today. The number of quality control personnel doubled. Accounting tasks were redesigned, not eliminated, at the same time the manufacturing processes were rethought and reorganized.

"Downsizing just for the sake of downsizing can get you in trouble," Iorio said. "You have to downsize without bypassing the basic functions that are being performed."

In manufacturing, and similar areas, Iorio said, today's managers must also have specialized knowledge that are being performed.

"The days of promoting just for hard work without technological knowledge may be gone," Iorio said.

datebook

CAREER WOMEN

Thursday, Feb. 14 — National Association of Career Women meets. Information: 474-4241.

INTERMEDIATE LOTUS 1-2-3

Thursdays, Feb. 14 through March 7 — "Lotus 1-2-3 Intermediate" offered 7-9 p.m. in Bloomfield Hills. Fee: \$85. Information: 645-3635. Sponsor: Cranbrook Schools.

MICROSOFT EXCEL

Friday, Feb. 15 — "Microsoft Excel Worksheet & Skills" 9 a.m. to 5 p.m. in Southfield. Non-member fee: \$225. Information: Denise Moody, 353-4500. Sponsor: American Society of Employees.

MANUFACTURING SEMINAR

Friday, Feb. 15 — "Marrying Bar Coding with Electronic Data Interchange in Manufacturing and Distribution" 8:15 a.m. to 4:30 p.m. near Rochester. Non-member fee: \$205. Information: 370-3120. Sponsor: Oakland University.

LEGAL SECRETARIES

Monday, Feb. 18 — Oakland County Legal Secretaries Association meets. Information: 649-3333.

WORDPERFECT 5.0

Mondays, Feb. 18 through March 8 — "WordPerfect 5.0 Intermediate" offered 7-9 p.m. in Bloomfield Hills. Fee: \$85. Information: 645-3635. Sponsor: Cranbrook Schools.

COPING WITH CHANGE

Tuesday, Feb. 19 — "Coping With a Changing Work Environment" 9 a.m. to 5 p.m. in Southfield. Non-member fee: \$225. Information: Denise Moody, 353-4500. Sponsor: American Society of Employees.

INDIVIDUAL INVESTORS

Tuesday, Feb. 19 — American Association of Individual Investors meets. Information: 359-0800.

APPRAISERS SOCIETY

Tuesday, Feb. 19 — American Society of Appraisers meets. Information: 858-0760.

ON THE PHONE

Wednesday, Feb. 20 — "Effective Telephone Techniques" 8:30 a.m. to 12:30 p.m. in Southfield. Non-member fee: \$125. Information: Denise Moody, 353-4500. Sponsor: American Society of Employees.

REAL ESTATE

Wednesday, Feb. 20 — "Risk Reduction in Real Estate" 8 a.m. to noon in Troy. Non-member fee: \$15. Information: 585-1283. Sponsors: Board of Realtors Inc.

DATA PROCESSING

Wednesday, Feb. 20 — Data Processing Management Association meets. Information: 535-4400.

WHARTON ALUMNI

Wednesday, Feb. 20 — Wharton Alumni Association of Michigan meets. Information: 646-1906.

RETIREMENT PLANNING

Wednesday, Feb. 20 — Free "Retirement & Estate Planning for the '90s" seminar begins at 7 p.m. in Bloomfield Township. Information: Steve Arkerwight, 652-3200. Sponsor: PaineWebber.

MANAGING REAL ESTATE

Wednesday, Feb. 20 — Institute of Real Estate Management meets. Information: 524-1885.

GOP WOMEN

Wednesday, Feb. 20 — Republican Business and Professional Women's Forum meets. Information: 601-1920.

PERSONNEL

Thursday, Feb. 21 — Human Resources Association meets. Information: 528-8108.

Taxes can affect your investments

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financial institutions offer CDs. The interest earned on CDs is subject to federal, state and local taxes. But because earnings on CDs are taxed in the year you receive them, you can use CDs as a means of deferring interest income. When you buy a CD that matures next year, the interest it earns is not taxable until then.

But you should keep in mind that early withdrawals from a CD are generally subject to an interest penalty. If you have to make an early withdrawal, remember that this penalty is deductible even if you do not itemize your deductions.

• Savings bonds: In 1982, the government created Series EE U.S. Savings Bonds to provide savers with a guaranteed minimum interest rate, plus a chance to earn more if interest rates rise. If you cash in the bonds early, a lower fixed rate applies.

Savings bonds have two special tax appeals. First, interest earned on

savings bonds is exempt from state and local income taxes. Second, since you collect your interest when you redeem the bonds, the interest is generally not subject to federal tax until then. But you can choose to report the interest annually. If you select this option and later decide that your would benefit more from reporting the interest when you redeem the bonds, you can switch methods only with the consent of the IRS.

Beginning Jan. 1, 1990, a new tax benefit was created for certain U.S. savings bonds. Interest on these bonds is not taxed if the bonds are redeemed to pay college expenses. To qualify for this tax treatment, certain conditions must be satisfied: The bond must have been issued after Dec. 31, 1989; you must be 24 years of age or older at the time the bonds are purchased; and you must use the bond's proceeds for qualified educational expenses incurred by you, your spouse or dependents for

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higher education. This exclusion is phased out if your adjusted gross income falls between certain ranges — between \$50,000 and \$90,000 if you are married and filing jointly, and between \$40,000 and \$55,000 for single taxpayers and heads of household. These amounts will be adjusted annually for inflation.

• Retirement plans: Individual Retirement Accounts (IRAs), Keoghs and other retirement plans continue

to offer liberal tax benefits. These plans represent another way you can defer some of your taxable income. With an IRA or Keogh, not only do you defer paying taxes on the money you invest, but the interest you receive on your investment is also deferred until the money is withdrawn. In addition, some investors can still claim a deduction for the amount contributed to an IRA. Restrictions on deductions are based on your income and whether you are covered by a retirement plan at work. With a Keogh, deposits are deductible regardless of your income, and money in the plan is allowed to grow and compound tax-free until withdrawn.

To be a successful investor, you need to know how to use the tax rules to your best advantage. Used properly, tax planning can be an effective way to minimize current taxes while accumulating greater wealth.

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Each of these items is readily available for sale as advertised.