

Big shake-up means new directions for GM

Who the heck is John G. Smale?

As the alleged leader of the palace coup at General Motors last week, Smale emerges from the fine print at the back of the proxy statement to become the first outside director in modern corporate history to attempt an active management role at GM.

Smale takes over the chairmanship of the executive committee from GM Chairman Robert Stempel, while GM President Lloyd E. Reus takes a demotion and is replaced by Jack F. Smith, former vice chairman in charge of European operations — the guy Bob Eaton was working for before he went over to Chrysler to become heir-apparent to Chairman Lee.

All in all, it is the biggest shakeup at GM since Billy Durant lost control, so big, in fact, that the Detroit papers reportedly considered making it a headline story. Instead of the story about the University of Michigan losing a basketball game.

Smale, it turns out, is the retired head of Procter & Gamble Co., the giant soap company, and one of the so-called outside directors on GM's board. Until last Monday, outside directors at GM tended to play a more or less symbolic role, making most GM management changes about as predictable as a ritual at the Vatican.

Part of this complacency has been due to the fact the GM is considered an institutional stock — one of those



auto talk
Dan McCosh

favored by teachers pension funds. But even teachers can get restless, particularly in a year when mutual funds are turning over 40 percent and GM is posting losses approximating the Yugoslavian national debt.

It could be argued that this kind of palace revolt is about 10 years overdue. After all, GM already has spent

the money to rebuild its North American plants — the \$60 billion or so that this cost the company being the main reason they are losing so much money today. What seems to be missing is sufficiently large numbers of popular cars to keep the plants operating, the result of a moribund new-car development program that never quite seems to gain

much momentum.

Just exactly what it would take to put the complex North American car operation back on its feet makes for a lot of second-guessing. My personal pet theory is that centralized car development, as currently practiced at GM, is a dismal failure, while the current success of Cadillac — arguably the most independent GM division today — is the model to imitate.

Staff operations (my favorite is the staff that supervises GM signs and stationary) seem awfully top-heavy, while a real marketing program that includes follow up after the sale and continuing service is woefully weak.

On the other hand, reforming these faults is just about what had

been anticipated, at least in some quarters, from the elevation of Robert Stempel to the chairmanship. Stempel has an enviable track record for managing complex development programs, and has a real gut feel for what good cars are all about.

Unfortunately, he inherited problems with plenty of momentum, including overcapacity, intense competition and a lingering recession. Not to mention the impatience of an aggressive board of directors.

Still, the apparently forced changes in personnel put individuals, who represent the best and the brightest at GM in new positions of authority. The obvious irony is that Stempel didn't do it himself.

New network brings teleconferencing to area

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communications at Gordon Food Services, said much is made of the system's capabilities — two-way

teleconferencing — but Gordon Food Services' primary intent in hooking up with the system was to create a double redundancy with its voice and data lines.

In the future, Zylstra said Gordon Food Services will no doubt be taking advantage of some of the other uses as well, but the prime benefit he sees is what the system does today.

Gordon Food Services, which had revenues in excess of \$8 million and covers four states, is dependent on its voice and data lines for ordering. "This gives us a redundancy,"

Under the old system, with all orders coming into a central headquarters, a break in the phone line means a crippled company. "That happens, and we're out of business. If you can't get the orders, well, you can play out that scenario."

Under the new system, if one phone system goes down, the company can switch to the other, he said. Zylstra said that Gordon Food Services hasn't had a problem yet, but with so much relying on telecommunications, proactive companies

are taking steps to protect themselves. "All you have to do is read the papers to see some of the problems (the phone companies) are having."

TIM DeLONG, director of communication technologies at Oakland Community College, said a fiber optic video network like this is exactly what the institution has been moving toward for the last several years.

OCC has been eyeing telecommunication applications for education for several years now, he said, adding that one of the reasons he came to OCC was because of the long-range plans the college was making. "Basically, what we've been working on for a while was to have interactive classrooms between campuses," he said. That way a teacher at one campus could teach several classes.

This would work especially well for classes that may not have enough students enrolled, he said. Instead of dropping the class, students at several different buildings could be taught by one instructor.

OCC had already begun work on a system between its Auburn Hills and Royal Oak campuses, he said, because they shared the same cable provider. "We have seven different campuses and seven different cable companies."

The logistics of working with the different cable companies could have been overcome, he said, but with the arrival of City Signal, the job has become much easier. "We've been working toward this, but City Signal kind of fell right into a our lap."

In fact, the scope of OCC's plan can now be expanded even further,

he said. Now, OCC will be able to conduct interactive classes and seminars with not only other campuses, but businesses as well.

Part of OCC's role, he said, is to provide continuing education for businesses. Now that businesses are going to be tied directly into a network, OCC can conduct classes with an instructor at one campus and students in buildings throughout the area.

For example, OCC already has an agreement to provide continuing education for General Motors. An instructor in Auburn Hills will be able to instruct a group of engineers at the Tech Center in Warren.

An interactive video network will also prove useful with OCC's police and fire training programs. "We'll be able to put training right into the police and fire stations throughout the county."

datebook

● **INTEL REAL TIME**
Friday, April 10 — A free-half day seminar on the design and development of real time applications is being held by Intel Corp at the Sheraton Hotel. Call 1-800-428-4789 for registration.

● **ARM**
Monday, April 13 — Kathryn J. Morris, vice president of Human Resources for Amurcon Corporation in Southfield, will address the April meeting of the Accredited Residential Managers, a division of IREM, at the Clarion Hotel in Farmington Hills at 8 a.m.

● **PROFESSIONAL WOMEN**
Tuesday, April 14 — "Retirement and Tax Planning." Speakers Dorothy Bond, Marty DeWitt and Judith Treppel will discuss how to be better off and secure financially at the April meeting of the Professional Women in Sales at 6 p.m. at Fox & Hounds in Bloomfield Hills.

● **REAL ESTATE TRENDS**
Wednesday, April 15 — "Changing Trends in Real Estate Brokerage Industry" will be the topic at the Commercial Real Estate Women meet-

ing at Embassy Suites in Southfield at 7:30 a.m.

Information for this column should be sent to the business editor, Observer & Eccentric Newspapers, 36251 Schoolcraft, Livonia 48150.

Information must be received by Monday to be published in the Thursday issue. Publication cannot be guaranteed.

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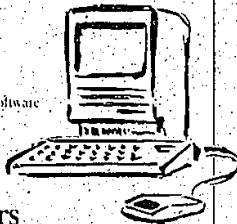
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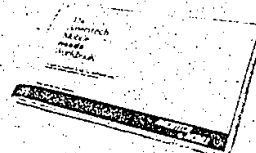
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