

## LETTERS

## Cable profits sky-high

Before shedding a tear for our poor cable company, Time Warner, because they convinced the Federal Communications Commission they couldn't afford to pay the 65-cents per month that the FCC originally ordered be rebated to customers, take a look at their most recent financial statement.

That statement shows a profit margin of a whopping 37 percent before taxes. Not bad for a company that makes a habit of raising rates regardless of profit margins, in recent years reaching as high as 50 percent. Even after taxes the profit margin was better than 22 percent and their net assets nearly doubled the last year from \$11,589,000 to \$22,402,000. I would hope Time Warner management remembers those figures before sticking us with another rate increase near the end of this year.

What these bulging assets and income do is allow Time Warner to spend millions on lobbying and contributions to candidates that made possible the FCC's reversal of its order that Time Warner overcharged our Farmington, Farmington Hills and Novi customers over the last couple of years.

As soon as the rebate order was issued, Time Warner began scheming to have it reversed by the FCC. Without any opposition by the public, the FCC met behind closed doors with the Time Warner lobbyists and agreed to reverse the rebate order. Democracy at work? I have to hand it to the Time Warner lobbyists. They got a good return on the money they spend lobbying and contributing to the campaigns of members of Congress.

As far as the public is concerned, Time Warner's position is "let the public be damned," after all they're just getting by on a 37 percent profit margin.

Aldo Vagnozzi  
Mayor, Farmington Hills  
Member, Cable Commission

## Service makes you smile

There isn't a person reading this letter who couldn't write volumes about an unpleasant repair or service experience. I am writing to tell you about an extremely positive experience.

Recently, I purchased a Maytag washer and dryer from one of our local Farmington Hills merchants. Despite all the quality specifications and systems that Maytag tells us in their advertising they have in place for the quality of their products, the washing machine I received had one very small glitch in it. That's O.K. The world isn't perfect. We all know that. What was

so pleasant was the way Maytag handles its repair business. With the delivery of my washer and dryer came pre-addressed, stamped registration cards with the serial number of my appliance as well as my name and address and phone number.

My only duty was to put those registration forms in the mail and I would be in Maytag's data base.

When I called the 1-800 number for service and gave my name, the service person had all the information he/she needed in the blink of an eye. My only assignment was to give them some days that were convenient for me to have the service person visit. On top of that, Maytag committed to a two-hour time period when they would be at my home. A two-hour window in the service industry is unheard of. The day before my service date, a Maytag service person called me to again confirm the two hour time period. It is no wonder that Maytag is such a respected name. All of these little customer comforts add up and I would encourage all of you, in whatever business you are in, to benchmark Maytag's system.

George Sarkisian  
Farmington Hills

## A new tax?

By accident, I became aware of a pending charge established by the FCC that will be added to our long distance phone bill starting July 1. In a pre-recorded message, AT&T advised that a 5 percent charge for interstate calls, 1.8 percent for intra-state, will be initiated as "mandated" by the FCC to cover the anticipated costs of providing Internet service to schools & libraries along with phone service to rural & low-income areas.

Although the FCC insists this is not a "tax," I hope my fellow citizens will agree that is a tax—one that has not been debated and authorized by the legislative branch of the government. The Constitution is still the supreme law of the land.

Our most recent phone bill (\$25.80 total) contained these taxes and fees: State and Federal Tax - \$2.10; "Mandatory Charge per FCC Order" - \$3.50.

These items represent 22 percent of the bill. Adding another 1.8 percent to 5 percent for questionable government programs is intolerable. I hope our U.S. representatives agree and that they will accept the responsibility of representing the citizens of Michigan to prevent the imposition of this unconstitutional tax.

John Schmitz  
Livonia

## Northwest Airlines plays key role in our region's economic health

Second only to rooting for the Red Wings, Michigan's current favorite parlor sport is bashing Northwest Airlines.

There's plenty to bash:

■ Innumerable flights delayed, often without explanation or any clear information about when passengers can expect to be on their way.

■ Many flights canceled outright, some under circumstances that lead reasonable people to conclude that the airline simply has decided the load factor on a particular flight is too low to bother with flying.

■ Persistently poor labor relations, accompanied by the usual positional harassment associated with labor disputes, such as mechanics working to rule and pulling the plug on flights for want of batteries in a flashlight.

■ Monopolistic pricing practices that persuade passengers with a sense of history why anti-trust legislation still is important. Northwest controls more than 70.7 percent of the gates at Detroit Metropolitan Airport and so uses that market power to inflict possibly the highest per-mile prices in the nation on area passengers. When flying to the Washington, D.C., area, for instance, I had the option of buying a round trip ticket on Northwest to Reagan National Airport for \$788 or flying another carrier to less monopolized Baltimore for \$168.

Not surprisingly, Northwest is in bad trouble. Passengers are doing everything possible to avoid booking Northwest flights. Chrysler and GM are negotiating cheap fares with upstart ProAir, which has been struggling to compete with Northwest's predatory pricing practices. Northwest's stock is way down. For a company in the service industry, the long-term damage to Northwest's reputation could be incalculable.

But before we let ourselves get carried away in a frenzy of Northwest bashing, we should pause to reflect that the long-term health of southeastern Michigan's major air carrier is of considerable importance to the economic health of the region. A terminally diminished Northwest is in nobody's long-term interest, because much of the forward economic progress of our region depends on healthy, efficient, cost-effective air transit.

Some of Northwest's problems are relatively short-term. Labor negotiations with the mechanics, complicated by an upstart union threatening the Machinists Union, will someday be resolved. And even negotiations with the Airline Pilots Association, frozen in amber by the terms of the federal Railway Labor Act, will someday get sorted out.

Many of Northwest's problems are the direct



PHILIP POWER

sequence of aged and inadequate facilities at Metro. These should be resolved in 2001, when the new mid-field terminal now under construction goes into service.

So what about Northwest's effective monopoly control over flights to and from the "fortress hub" it has established in Detroit?

Wayne County Deputy Executive Mike Dugan told me last week that county Executive Ed McNamara has that problem well in mind. When Northwest moves to the new terminal in 2001, it will get 70 new gates it helped finance. But that will leave 30-50 refurbished gates in the old Smith and Davey terminals up for reallocation to other airlines, which might reduce Northwest's stranglehold on flights into and out of Detroit.

That sounds like good news. I suspect, however, that Northwest simply will try to engage in standard industry practice by leasing/buying gates in the Smith and Davey terminals from other airlines to re-establish its monopoly control, offering to scratch the backs of competitors in other fortress hubs by selling gates in return.

The fundamental reason Northwest has been able to get away with all these shenanigans is that deregulation of the air travel industry allowed individual airlines to establish monopoly control over fortress hubs. The ultimate solution is to craft legislation holding that single airline dominance over a hub of, say, 60 percent of flights is presumptive evidence of monopoly control, triggering a forced redistribution of gates. That, plus sensible labor negotiations and expedited construction of the new terminal at Detroit Metro, should make things better for long-suffering local passengers.

Phil Power is chairman of HomeTown Communications Network Inc., the company that owns this newspaper. He welcomes your comments, either by voice mail at (734) 953-2047, Ext. 1880, or by e-mail at ppower@oeonline.com.

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