

Even robots can't escape auto company budget ax

A small plant near Saginaw, Mich., making drivshafts and transmission gears is on the lengthy list of GM's planned plant closings. It would have been just another nuts-and-bolts casualty of the painful contraction GM is undergoing these days after the double whammy of declining market share and a deep recession, save for one oddity — this particular plant employs no people.

Well, not exactly nobody. But the Vanguard plant, dubbed "the factory of the future" by the high-tech optimists that proposed it a decade or so ago, was designed to run more or less by itself, unintended save for a couple of technicians with their feet up on their desks, with a corresponding savings on the electric bill, since

you could switch the lights off on the shop floor and the robots wouldn't know the difference.

Actually, it took about 85 technicians to operate the place, and they never quite got to the point where they could do it in the dark. Nonetheless, it wasn't exactly a mad rush out of the parking lot at quitting time.

Robots, as everybody knows, were the employee of choice for most of the world's automakers, having developed a reputation of being hard-working, never complaining, and never asking for better health insurance. American robots are illiterate, of course, but then again, so are Japanese robots. Neither one has a problem with working hard on Monday.



auto talk
Dan McCosh

HOW, THEN, could GM consider pink-slipping the ultimate work force? The "factory of the future" at Saginaw was all set to keep grinding out Saturn drivshafts and gears forever, with nary a thought of a pension, funded or otherwise.

Part of the problem, as it turned out, was all that automatic machinery, made only a few specific parts.

One was a drivshaft also made in other GM plants, where they still burped after lunch. The robots also made parts for Korean cars, which was where GM was making the Pontiac LeMans, having confused Korea with Japan, figuring nobody would notice the difference.

They really didn't need all that many Saturn drivshafts, and aside

from the litter in the lunchroom, the manned plants were about as efficient. The Korean car company likewise turned out to be not such a high idea, and GM decided to sell the whole place off, which meant there was no longer any need for those Korean transmission gears.

Now came the rub. While robots worked cheap, they cost a lot to buy. In fact, one robot starts out costing about five years pay for the average auto worker, even when you leave the lights turned off. That means you only break even after five years — which is when the human tends to get expensive because of things like babies, which drive health insurance through the roof, and are unheard of for robots, so far. Later, when the

human-type worker is thinking of retiring and collecting a pension, the robot has a real edge.

The kicker, of course, is when nobody buys the stuff the robot is making. Being a robot, it keeps grinding them out, with or without customers, and the robot's owner keeps starting at that big payment book. Here is where you could just send a human-type worker home, and he could write letters to the President about how to get the economy going again.

But none of this stuff was on anybody's mind in 1982 when the "factory of the future" was being planned to work with the lights off. Now things are tough all over, and even the robots aren't safe anymore.

business people

Cathleen A. Hare has been promoted to manager on the professional staff of Bloomfield Hills-based accounting firm McEndarffer, Hoke & Bernard, P.C.



Cathleen A. Hare Lynn Rinke

Ross Roy Group, the Bloomfield Hills based public relations marketing firm has announced the promotion of Jim Moskus of Beverly Hills to vice president, group account supervisor; Bob Pnielwick, of West Bloomfield to vice president, group account supervisor; Dan Bennett of Birmingham to account executive in the Chrysler International Account; and Sharon Hastings of Farmington Hills to account executive on the consumer promotions group.

Philip Damaska has been named to assistant controller — financial and operations analysis for Allied-Signal Automotive, a division of Allied Signal Inc. headquartered in Southfield.

Susan Haddad has been promoted from senior account executive to account supervisor/media relations director for the public relations consultant Hermanoff & Associates in Farmington Hills.

Ronald Hale of Farmington Hills received the 1992 Herb Wegner Memorial Award from the Michigan Credit Union League, one of the most prestigious national awards in the credit union industry.

Bloomfield Hills resident Ethel



George Herbel Heinrich

Torre, assistant general sales manager — marketing for Cadillac Motor Car, has been honored by Hispanic Magazine with a lifetime achievement award for his contributions to the Hispanic community.

George Flurey has been promoted to division manager of the Chantland Company, a division of the automotive supplier Douglas & Lomason Company in Farmington Hills. Erik G. Johnson has joined the firm as assistant vice president — Information services.

Dykema Gosselt, Michigan largest law firm has elected 10 new partners to the firm. Among them are: Michael D. Fishman of Southfield; Lawrence J. Coffey of Detroit; Patrick F. Hickey of Farmington; and



Susan Haddad Donovan

D. Richard McDonald of Birmingham.

Elizabeth P. Gribbs has joined Rochester Hills based physical therapy and rehabilitation provider Kenny Rehab as director of marketing and community relations.

Edward A. Hansen of Farmington Hills has been appointed general director of customer communications at Detroit Edison.

Kristie E. Donovan was promoted to bank officer, human resources department of the Troy-based Huntington Banks.

Terry W. Skoglund of Farmington Hills has been appointed to Automotive Program Manager for Parker



Phillip Damaska Ronald Hale

Fluid Connectors Group in Troy, a division of Parker Hannifin Corporation, a world leader in manufacturing components and systems on hydraulic, pneumatic and electro-mechanical applications.

Michael Vallee, president of Fidelity Bank announced the promotion of Richard E. Bauer of Farmington Hills to vice president and controller.

Richard Tool & Die Corporation in Farmington Hills, a manufacturer of sheet metal stamping dies, primarily for the auto industry, has elected Richard A. Heldrich to the Board of Directors. Heldrich has also been named as president and chief operating officer.

Richard P. Joy of Auburn Hills has joined Melabany & Associates Commercial Realtors in Bloomfield Hills as an associate broker.

Janel K. Sedor-Ames, M.S.W. has been appointed assistant director of Pendrick Center for the Blind in Taylor.

David Turner of Bloomfield Hills has been named to the faculty at Lawrence Technological University college of engineering.

David T. Provost, president and chief executive officer at the Bank of Bloomfield Hills has announced the promotion of Charlene R. Hanna to mortgage account officer.

Eleanor Hadeliffe has been named account executive for self insured workers' compensation and group health plans at Consolidate Risk Management Services in Farmington Hills.

Allnet Communications Services Inc. in Birmingham has promoted Ian Mallory of West Bloomfield to director, business development, and Steven A. Fernald of Bingham Farms to vice president of engineering. Charles Gragk has joined the firm as director of marketing.

Insurance, savings plans deserve closer attention

Continued from Page 10

their debts are all carried at a relatively high interest rate. Their mortgage is 10 percent, and all of their other loans charge a higher interest than that. Their only interest deduction is their mortgage loan.

The couple is considering refinancing their mortgage but are hesitant because of the possibility of a move in five years. Paul asks, "Does it make sense to refinance given the up-front costs?"

Given the current interest rates, they would likely recoup their costs within the next three to four years with current interest rates. In fact, by consolidating their other debts and borrowing additional money on the home mortgage to pay off their debts, they can substantially reduce the interest costs of these debts. The new interest rate would be lower, and the interest paid would be fully deductible, resulting in reduced income taxes.

But if they roll these other loans into their mortgage, we would sug-

gest that they take out a 15-year loan or else pay down a new 30-year mortgage loan more rapidly by making additional principal payments each month. Their total debt payments will still be substantially reduced. It will result in an ability to both increase their savings in their retirement plan and still have enough cash flow to buy items that are a high priority.

If Paul and Joan are serious about a move to a new home in five years or less, they might even consider an adjustable rate mortgage because current rates on these mortgages are even lower than on fixed rate mortgages. But if they might stay in their current home longer, a fixed rate would likely be the better choice.

The lack of wills or estate plan is troubling. But Paul said, "I am in the process of reading 'Write Your Own Will,' and I hope to write my own soon." While it is good for a consumer to have knowledge of the concerns to be reviewed when preparing an estate plan or will, we do not believe

it is usually a good idea to write your own will.

The state of Michigan allows holographic wills, which are wills written by a person and signed by that person. Unfortunately, tax and probate law can become complicated, and there is a strong likelihood that a will that is self-drafted will not take into consideration all of the concerns and possible pitfalls.

The goals of estate planning ought to be to simplify the process for family members who are still alive and minimize both state and federal taxes and probate costs. Some concerns that should be addressed in estate planning include:

- Appointment of guardians for minor children.
- Distribution of assets to surviving spouse and children.

• Protection of assets and distribution provisions of minor children.

• Federal estate tax and Michigan inheritance tax consequences.

• Probate avoidance techniques.

These goals are more likely to be addressed, and accomplished by working with an experienced professional.

BECAUSE THEIR current lifestyle is dependent on both incomes, they may face financial difficulties if Joan or Paul were to become disabled or die. They each have only \$40,000 of term insurance through their employers and \$100,000 of personal insurance each.

Although \$140,000 might initially sound like a lot of money to provide for a survivor, it represents less than

four years of income. The survivor would have to consider a significantly reduced standard of living. In addition, money for the education of children might not be available.

Until their assets increase significantly, we would suggest that they each purchase an additional \$250,000 term policy. As they are both healthy non-smokers, the total cost of such coverage for both policies should be \$10-17 monthly, which is a small price to pay for the peace of mind.

Paul is not sure if he has long-term disability coverage through his employer. This area is critical to proper financial planning. If coverage is not provided, he should seriously consider buying a personal disability income insurance policy to protect him and his family.

If Joan and Paula are diligent at planning and nurturing the seeds of good financial planning that we have suggested, they should be able to reap the benefits of a more comfortable lifestyle both now and in the future.

Dan Boyce, a certified financial planner at the Center for Financial Planning in Southfield, has been recognized by Money magazine as one of the top financial planners in the nation. Alan Ferrara is a partner in the Farmington Hills law firm of Conover, Latsky, Feak, Ellis, Roeder & Lazar. Both have served in leadership roles in financial planning professional organizations.

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Instructor Mary DiPaolo is the Small Business Columnist for The Observer & Eccentric Newspapers, marketing consultant and owner of MarkeTrends, and cable television producer.

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