

# Talks reveal you pay little for car, a lot for paperwork



DAN MCCOSH

Contrary to popular opinion, the phrase "you doo economical" was not coined to describe any national economic policy. It was actually first uttered by a frustrated reporter trying to understand the claims made during auto company labor negotiations.

Obviously, in any contract talks, hyperbole is the name of the game. The trouble with the UAW contract talks is that everybody buying a new car is listening in, and ends up adding numbers he never even thought of before to the option list.

For instance, the notion that auto health adds about \$1,500 to the cost of a new car. This off-repeated figure is shocking when you figure it is about double the price of air conditioning. There are some others, not so well publicized, such as the notion that social security taxes add about

\$2,000 to the cost of a new car. A couple of more of these and pretty soon you realize there is nothing left to pay for the basics, such as steel, rubber, and a couple of air wrenches.

Figures like these come out of auto talks because the talks are directed toward making management look poor, and the wage look poorer. Unfortunately, they also end up illustrating what most consumers have suspected all along — that the 20 grand or so you put down to buy a car these days buys precious little car, and a whole lot of paperwork.

All this is not to pass judgment, pro or con, on the rather comfortable lifestyle that this industry has made available to its em-

ployes. Still, I share in the discomfort of those agnost at the notion that they are doing someone else's health plan, rather than the wheels that they thought they paid for.

The reality is that more and more of the total cost of owning and operation a car goes into paper "extras" every day — from auto insurance, interest on loans, sales commissions, benefits and non-productive overhead. Less and less goes into materials and the take-home pay of those actually designing and producing the cars.

None of this will be on the table come contract talk time, of course, but it's on the mind of everyone who walks into a dealer's showroom today.

Dan McCosh is automotive editor of Popular Science magazine. If you have a comment, question or suggestion concerning Auto Talk, write to Dan McCosh, Observer & Eccentric Newspapers, 36261 Schoolcraft, Livonia, 48150, or you can call him directly by dialing 953-2047, mail box number 1870, on a touch-tone phone.

**■ FRANCHISE TERMINATION**  
"Handling the Dealer, Sales Representative or Franchise Termination Case" will be the subject of a comprehensive one-day seminar on Friday, June 25, at the Michigan State University management education center in Troy. Call 764-0533.

**■ EXPORT TO MEXICO**  
MacDonald & Gordon, P.C., a Birmingham based law firm, has scheduled the first in a series of seminars designed to educate small and medium sized business interested in exporting to Mexico and Latin America for Wednesday, June 30 at the Troy Marriott Hotel at 8 a.m. Call 645-6940.

**■ CPA**  
Make your CPE Dollars Count by attending this years Two Management-Information Shows sponsored by the Michigan Association of Certified Public Accountants on Tuesday, June 29, and Wednesday, June 30 at the Hyatt Regency in Dearborn. Ca; 855-2288 for information.

**■ FAMILY LEAVE**  
"Family and Medical Leave Act

of 1993" sponsored by the American Society of Employers will be discussed on June 29 from 8:30 to 11:30 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Gary Klotz, Keywell and Rosenfeld. Call 353-4600 to register.

**■ SUPERVISION**  
"Principles and Practices of Supervision," sponsored by the American Society of Employers will be discussed on July 8, 15 and 22 from 9 a.m. to 4 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Dick Warner, ASE's management Education Division. Call 353-4500 to register.

**■ OFFICE SAFETY**  
"Improving Office Safety," sponsored by the American Society of Employers will be discussed on July 13 from 9 a.m. to 4 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Richard Zdeb, Safety Consultant, Michigan Department of Labor Call 353-4500 to register.

**■ BUILDING TEAMS**  
"Building Teams of Excellence" sponsored by the American Soci-

ety of Employers will be discussed on July 16 from 9 a.m. to 4 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Gail Holtmeyer, director, Communications Workshops Inc. Call 353-4500 to register.

**■ COMPUTERS**  
"Introduction to Computers," sponsored by the American Society of Employers will be discussed on July 13 from 9 a.m. to 5 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Robert Battaglia, We Teach. Call 353-4500 to register.

**■ CPR**  
"CPR and First Aid Training" sponsored by the American Society of Employers will be discussed on July 19 and 20 from 1-5 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Superior Medical. Call 353-4500 to register.

**■ WORDPERFECT**  
"WordPerfect Level II," sponsored by the American Society of Employers will be discussed on July 20 from 9 a.m. to 5 p.m. at 23816 Northwestern Highway in Southfield. Speaker: Robert Battaglia, We Teach. Call 353-4500 to register.

## DATEBOOK

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back into the business, he said.

Sales soared to some \$25 million in 1990, but when they fell back to about half that amount a year later, the other partners wanted to liquidate, Czar said.

"I went to OSP to see if they were interested in buying," he said. "When a deal couldn't be structured, we went into partnership, 50-50."

"I brought my experience, good personnel into the business and my money. They brought established licenses, money, support and faith."

OSP executives were attracted to Czar because they wanted to expand beyond posters, said Paul Newman, OSP marketing manager.

"We were looking to become known as a trend merchandiser," Newman said. "I think it was a match of our licensing ability and faith in Ken that he could get quality buttons done and distributed in the market."

Czar said he's always enjoyed selling, even while working in materials control and accounting at Chrysler for seven years.

"I was always selling something on the side, whether real estate,

Christmas trees or buttons," he said. "I always wanted to be in business for myself. Always. That, I never doubted."

**Rad or bad?**

Button Exchange had a small loss last year with start-up costs and investment expenses on sales of \$1.2 million, Czar said.

"This year the goal is (sales of \$8 million)," he said. "We'll probably hit that. We've had a good run with additn and a great run with Jurassic Park."

That's the key: sifting through the wheat and chaff and picking hot properties in advance, negotiating favorable licensing agreements, then selling retailers.

"You have to make a commitment so far in advance, you don't know if you'll have a Jurassic Park or Howard the Duck," Czar said about licensing negotiations.

"It can be lucrative. It also can be devastating."

"Our most important asset is relationships," Czar said. "It's not listed on the balance sheet, but they go with me wherever I go. You have to have faith."

"I have to sell the licensee, then I have to go out and sell the re-

tailer. To be successful you have to do right by retailers."

That's the most difficult end of the job, Czar said. "You have to communicate it's an exciting property and get them to make an early commitment. But I think some of my best sales are the ones I talked people out of."

"As long as I can make them money, they will listen to me and respect me," he said. "If I lead them down the primrose path, they won't listen to me any more and certainly won't buy."

**A social exploration**

Czar said he supplies some 40,000 retail outlets ranging from giants like Toys-R-Us and Kmart to independent gift shops to museums.

Button Exchange employs about 100 — 25 in creative, marketing, accounting, and 75 at a plant warehouse/manufacturing plant, he said.

The non-union factory labor force starts at \$5.25 per hour, Czar said, adding, "People who have been here a while make substantially more."

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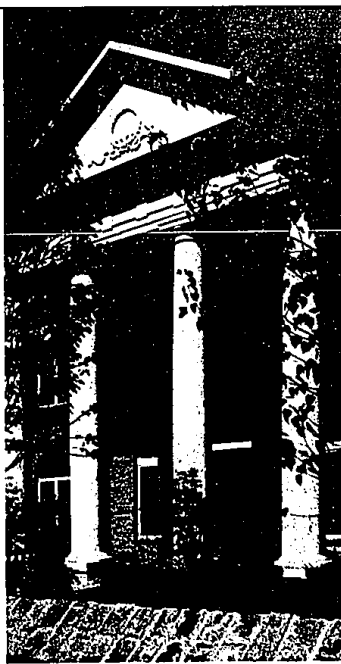
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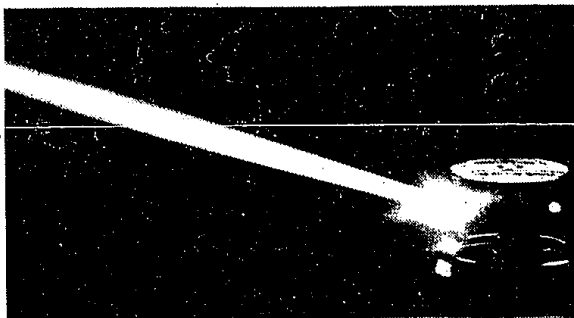
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