

# Budget ax falls

## Kmart regroups after layoffs

BY RALPH R. ECHTINAW  
STAFF WRITER

Kmart Corp. willed out the equivalent of 900 full-time jobs at its Troy headquarters and New Jersey clothing division Monday as the financially beleaguered company continued a reorganization that already has seen the closing of 110 stores nationwide.

Dismissed employees at the Troy headquarters were stunned in interviews with WJBK-TV2, a news partner of The Observer Newspapers.

"They just told me my job was eliminated," said Oak Park resident Rosemary Brown, who had 25 years with the company and supervised 14 people. "I couldn't believe it. I was shocked."

"It's been coming for a long time," said Bob Katakao of Warren. "The company has trouble and the employees pay for it."

"Good management would have avoided it," said Mary Hayman of Farmington Hills.

Troy Mayor Jeanne Stine said she's "very disappointed" that Kmart chairman Joseph Antonicci "had to choose this particular time of year to take the bull by the horns and get rid of those employees. It's got to be devastating to them, those older employees with families to support as well as the young employees just starting out."

Kmart spokeswoman Mary Lorenz and Shawn McGee Kahle would not say exactly how many people have been laid off. But range in status from vice president to secretary and in seniority from 35 years to six weeks. The average seniority for the employees is 21 years. More than half of them worked at Kmart's Troy headquarters. They don't expect to be called back to work.

Just days earlier, Roseanne Gaulta, chairwoman of Kmart's holiday giving tree project, was excited about a party for 25 children from Oakland County Children's Village the company planned to hold Dec. 14 at headquarters.

But Monday morning the party was canceled. "We just don't feel giving a party now is appropriate," Gaulta said. "But we'll see that all of the things that we were

going to give the children here are sent to them at Children's Village."

"Everyone feels very sad," Gaulta said.

The massive layoffs are bound to have an effect on the city of Troy, Stine said. "It's got to be bad for a city to lose that many people. A good number of them shop here and many live here. I would hate to think any of them would have to move to places with less quality of life."

The worker cutback is part of a companywide productivity improvement effort previously announced by Kmart. The nation's second-largest retailer is analyzing every aspect of its business in an effort to cut its \$8.5 billion budget by up to \$800 million by 1995.

Earlier this year, Kmart announced the closing of 110 stores, eliminated 6,000 jobs and cut management staff by 10 percent. Kmart has lost money or reported lower earnings for seven consecutive quarters. Third-quarter earnings plunged nearly 60 percent, totaling \$39 million for the three months ended Oct. 26, down from \$94 million for the same period of 1993.

Within the Observer & Eccentric circulation area, Kmart stores are located in Bloomfield Township, Troy, Rochester Hills, Livonia, Plymouth Township, Southfield, Farmington Hills, Farmington, Westland and Garden City.

Fred Marx of the Marx Layno marketing and public relations company in Farmington Hills said that, in downsizing, a company can't afford to overlook its central office. "There's no sales being made at the corporate office," he said. "If you're going to make changes, you can't ignore the headquarters."

Lorenz said Kmart chose to dismiss the people now instead of waiting until after Christmas because rumors about whose heads would roll were "flying around the company."

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The dismissed employees were notified Monday morning when they came to work and given boxes to remove personal effects. "We think the approach we're taking is really quite human," Kahle said.

"We want to do it in the most respectful way we can."

Security was beefed up around the sprawling complex at Coolidge and Big Beaver but there were only hugs and tears; no police incidents were reported.

Marx said the fired employees shouldn't have great difficulty finding new jobs. "There are a lot of positions open in all the other retailers," he said. "The elasticity of jobs in the retail sector in the Detroit market is the best it has been in years."

The dismissals were recommended by a Kmart Productivity Improvement Task Force headed by vice president of strategic planning Marvin Rich, who was hired in September. Kmart has not ruled out additional firings and/or store closings. Kahle would only say, "We are not prepared to announce additional store closings."

The company is in the middle of a program to remodel many of its older, outdated stores to compete with No. 1 Wal-Mart and other discounters with more modern outlets.

About 5,000 people worked at the Troy headquarters before the firings. The ones who remain, Kahle said, "want to move on and build a brighter future for Kmart."

The company has nearly 4,000 stores throughout the United States and 250,000 employees.

The New Jersey clothing division is in North Bergen. Kmart will merge the division's financial and information operations with similar operations at headquarters, saving about \$30 million. Most of the division's managers were relocated to Troy in 1992-93.

With the latest changes, only Kmart's distribution center will remain in North Bergen, Lorenz said.

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# Holiday Hours

Monday - Friday 10:00 - 6:00

Saturday 10:00 - 5:00

Sunday 11:00 - 5:00

Thanksgiving 10:00 - 5:00

Christmas Eve 10:00 - 5:00

Christmas Day Closed

New Year's Day Closed

Boxing Day 10:00 - 5:00

January 1st 10:00 - 5:00

February 1st 10:00 - 5:00

March 1st 10:00 - 5:00

April 1st 10:00 - 5:00

May 1st 10:00 - 5:00

June 1st 10:00 - 5:00

July 1st 10:00 - 5:00

August 1st 10:00 - 5:00

September 1st 10:00 - 5:00

October 1st 10:00 - 5:00

November 1st 10:00 - 5:00

December 1st 10:00 - 5:00

January 2nd 10:00 - 5:00

February 2nd 10:00 - 5:00

March 2nd 10:00 - 5:00

April 2nd 10:00 - 5:00

May 2nd 10:00 - 5:00

June 2nd 10:00 - 5:00

July 2nd 10:00 - 5:00

August 2nd 10:00 - 5:00

September 2nd 10:00 - 5:00

October 2nd 10:00 - 5:00

November 2nd 10:00 - 5:00

December 2nd 10:00 - 5:00

January 3rd 10:00 - 5:00

February 3rd 10:00 - 5:00

March 3rd 10:00 - 5:00

April 3rd 10:00 - 5:00

May 3rd 10:00 - 5:00

June 3rd 10:00 - 5:00

July 3rd 10:00 - 5:00

August 3rd 10:00 - 5:00

September 3rd 10:00 - 5:00

October 3rd 10:00 - 5:00

November 3rd 10:00 - 5:00

December 3rd 10:00 - 5:00

January 4th 10:00 - 5:00

February 4th 10:00 - 5:00

March 4th 10:00 - 5:00

April 4th 10:00 - 5:00

May 4th 10:00 - 5:00

June 4th 10:00 - 5:00

July 4th 10:00 - 5:00

August 4th 10:00 - 5:00

September 4th 10:00 - 5:00

October 4th 10:00 - 5:00

November 4th 10:00 - 5:00

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April 5th 10:00 - 5:00

May 5th 10:00 - 5:00

June 5th 10:00 - 5:00

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December 5th 10:00 - 5:00

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# Severance package summarized

A summary of Kmart's severance package:  
Each dismissed employee will be paid fully for December and be offered a severance package that includes money, outplacement counseling, unused vacation time

and a health care benefit subsidy.  
The severance pay will comprise one or 1 1/2 week's pay for every year of seniority, depending on seniority, position, etc. The minimum severance pay is three-

month's wages. The maximum is one year's wages.  
To receive this severance pay, employees must sign the severance agreement and consent to not sue the company over their dismissal.

# Senate GOP names committees

BY TIM RICHARD  
STAFF WRITER

Capitol capsule:

State Senate Republicans were first out of the starting gate in announcing all-important committee assignments for 1995-6.

Western Wayne County's Bob Geake will hang onto his No. 2 position on Appropriations. Oakland's Michael Bouchard will head a new Financial Services panel, and freshman Mike Rogers of Livingston County will head the Labor Committee.

"I was struck by the wide range of experience the Republican members of the new Senate have," said majority leader Dick Posthumus of Alto. Posthumus made the appointments public last week.

The big plum is Appropriations, which writes the state general fund budget. Veteran Harry Gaat of St. Joseph remains as chair with Geake, starting his sixth term, as vice chair.

Giving up his seat on Appropriations, Bouchard, R-Birmingham, picks up the gavel at the new Financial Services Committee. It will oversee bills affecting both banking and insurance. "With recent changes in federal law, we have an opportunity to bring new financial capital to our state and into the next century," said Bouchard. Rogers, R-Howell, also drew the new committee post.

Bouchard, as vice chair, and Geake will be on the Families, Mental Health and Human Services Committee, with second vice chairman Joel Gougeon of Bay City as chair. (The old title was Family Law, Criminal Law and Corrections when it was headed by the retiring Jack Welborn of Kalamazoo.)

Rogers, elected Nov. 8 to replace the retiring Fred Dillingham, was assigned to chair the Human Resources and Labor Committee (formerly just Labor), with David Honigman of West Bloomfield as vice chair. Honigman previously chaired it.  
Rogers also moves into the No. 2 spot on the Judiciary Committee (behind William VanRegenmortel of Jenison). The panel handles most crime bills and judicial bills — including the adding of new judges and possible reorganization of state trial courts. Geake, author of the state's anti-stalking law, joins the panel.

Honigman remains as chair of the committee handling municipal issues but has added responsibilities. The new title is Local, Urban and State Affairs Committee. In return for the expanded authority, Honigman, starting his second term, gave up the chair of the Labor Committee to Sen. Mat Dunaskis, R-Lake Orion, joins the panel.

Honigman will be alternate chair of a little-known but potent group called JCAR — Joint Committee on Administrative Rules. It gets to second-guess rules made by administrative agencies.

Dunaskis again will head the Technology and Energy Committee, with Bouchard continuing as a member. It is expected to write a new telecommunications act affecting telephone and cable TV companies.

Sen. John J.H. Schwarz, a third-termer from Battle Creek whose district sprawls into Eaton County, will be spread into a number of bills. The Senate's only physician will continue as a member of Appropriations, as a

seat on the tax-writing Finance Committee, be No. 2 on the Health Policy and Senior Citizens Committee, serve on the Legislative Retirement Committee and Legislative Council, and chair the Capitol Committee, which oversees the last decade's renovation of the Capitol Building.

'Low key'  
As she promised, Susan Helms will keep the inaugural for Gov. John Engler's second term "low-key" and in one place — Lansing.

The inaugural ball will take place the evening of Jan. 1 in the Lansing Center. Some 3,000 celebrants are paying \$100 apiece.

Cardinal Adam Malia, archbishop of Detroit, will be celebrant at the Inaugural Mass at 9 a.m. Monday, Jan. 2, in St. Mary Catholic Cathedral in Lansing. It's open to the public.

Legislators will have a brunch at 9:30 a.m. on the first floor of the Capitol.

The inaugural ceremony itself will start at 11:30 a.m. on the east steps of the Capitol Building. Besides Engler and Lt. Gov. Connie Blinsfeld, the public will see new Secretary of State Candice Miller, 33-year-veteran Attorney General Frank Kelley, the Supreme Court, State Board of Education and board members of three universities take their oaths of office. The event will run 90 minutes.

Afterward, the Englers and the Blinsfelds will greet the public in a receiving line in the governor's Capitol office until 1:30 p.m. The 1991 ceremony was held in the cramped hallways of the State Library and Museum because of renovation work in the Capitol.

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