A CAR GUY BEAN COUNTER REMINISCES

by Patrick Bisson

Having read Bob Lutz's book Car Guys vs Bean Counters, and having been one of the "troops" he refers to, I found the book very interesting. Especially since he was writing from his perspective "at the top", and my being one of the "troops".

Introduction:

Mr. Lutz writes from his perch at the top. My observations are as one of the "troops" he refers to in his book. One notable observation is that even under Mr. Lutz's reign, some pretty deficient cars came from General Motors. Consider the Chevrolet HHR, the last generation of GM's minivans, the first generation Colorado/Canyon pickups, and the "designed for 'cheep' " Buick Lucerne. Further, the neglect of some mainstream GM models for so many years that they lost volume and image, not to mention customer base. Most recently the Chevrolet Impala, for nine years with no model year changes except cost reduction. GM is ignoring generations of Impala buyers. And losing them, sending them elsewhere for more contemporary styled transportation while the Impala degenerates into a "fleet only" vehicle! As did the Pontiac G6!

Not to mention abandonment of GM's tradition of enhancing their cars as they age to keep customer interest and keep them current. Instead, Bob Lutz reigned over a GM that cheapened their cars as they aged. Any wonder they lost market share? The GM corporate mandate during my last 12 years there (1993 – 2005) was no changes to carryover cars except cost reduction.

Another personal observation is that I do not see anyone involved in the domestic auto industry, as their dark days were approaching, interested in writing about their experiences in the industry. These would be valuable for future historians to research. There are too many articles about Detroit's doom and gloom, but all written by journalists, academics, and so on. Except for a John DeLorean book many years back, nothing from recent years. Bob Lutz' book aside.

Thus my observations and experiences are from the "rank and file". These are my experiences. They are pretty much indisputable, except perhaps by some die hard General Motors "team player" from years gone by who may dispute that some of the unfavorable incidents ever occurred. But, this is what I lived.

You will find these "reminisces" quite random and in no particular order, as I tend to jot them down as they occur in my old head and before I forget!

Back to Product Neglect:

Looking back, the same fate for Buick Century/Regal, Chevrolet Corsica/Beretta, Buick LeSabre and Park Avenue, Chevrolet Lumina, the list goes on and on. Sure, the Bean Counters saved annual model change dollars, but at the expense of market share and loss of customers, as they switched to more contemporary cars by other manufacturers. General Motors has the bad habit of neglecting their carryover carlines. Thus they advertise their new models far in advance, as if to tell the public, "sure this stuff we're selling now is stale, but look what we have coming!" But, geez, it's usually at least a year or two down the road!

Today, Buick is struggling for volume. Well, they lost a generation of Century customers as the high-volume Century morphed from a retail car to a fleet car. With GM even having to pay the fleets to take the dismal Century. Same can be said for the Buick LeSabre. The Buick Lucerne, designed to replace LeSabre and Park Avenue was a big disappointment, as it was obviously designed down to a cost target, with a huge expanse of hard plastic instrument panel and a cheap looking rear of car, with minimal ornamentation. Many LeSabre and Park Avenue owners likewise went elsewhere. Is it any wonder that Buick is struggling today when they purposely abandoned so many of their customers? Abandoned? Yes, as they try to "improve" their customer demographics away from their old guy customer base. Shades of Oldsmobile's "Not Your Father's Oldsmobile" strategy.

Which reminds me, did you ever notice that General Motors is never satisfied with their current customers? Remember "… not your father's Oldsmobile", as Oldsmobile's strategy was to get rid of the old guys and entice young, import intenders to buy Oldsmobile. Well, half of their strategy worked; they got rid of the old guys! And today, Buick is not happy that their customers are all old, with their median age somewhere in the 60's.

While Toyota, with their Avalon, is quite happy with the old guys. Speaking as an old guy and Buick LeSabre owner, I think the Toyota Avalon is the best Buick ever! No question about it, it was designed to attract the "mature" buyer. The guy who can afford an upscale car. The guy with money to buy!

Product Cost Cutting:

While reading the book, and recalling a Bob Lutz memo that circulated in General Motors around 2004, the thought occurred to me that Mr. Lutz really did not know what was going on with the troops "down in the trenches". He still does not know.

The memo I refer to involved product cost cutting, removing features and content from our vehicles. I clearly recall Mr. Lutz's words "… I will not allow this to happen …" And my thinking when I read this, "sorry Bob, it's already happened. The dirty deed is done."

And unfortunately Bob, it is continuing. Witness the previous generation Chevrolet Impala. The “quick and dirty” deletions continue: the “LS” nameplate from the trunk lid, the Impala logo on the “C” pillar, the chrome trim at the bottom edge of the trunk lid, the map pocket on the rear of the driver’s seat, the bright tips on the exhaust tail pipes, … And the current Chevrolet Malibu, as they have deleted the bright rear license plate frame and the bright rocker panel trim. What else have they deleted? Sound insulation, rustproofing?

And so it continues. At introduction, each new GM vehicle has many neat customer features. However, by the end of the first year of production, you can bet that some of these items will have disappeared. And at each subsequent model year introduction, more and more items disappear, until toward the end of the model cycle, usually six or seven years, the car is a majority rental fleet product. This is the previous Chevrolet Impala, with over 75% of sales going to the daily rental fleets. And resale prices suffering as the public is sure to recognize Impala as a rental car. This same fate befell the Pontiac G6.

Once a car is in production, the only easy and immediate way to achieve product cost reduction is to remove features and content. Real cost reduction, while protecting content and features, and even adding features, has to occur during the design and development process, before the production tooling is completed. Also, cost reduction programs most often have the intent of removing cost for the current fiscal year or model year. This means no time for new tooling, only slight modifications or less, with little or no lead time. Thus, content reduction and removal of features are the quick and dirty methods to meet cost reduction targets “now”!

This is clearly “nickel and diming” their products to death. This strategy saves pennies, and causes irreparable harm to the image of the product. It was, and is, totally counterproductive. But it was, and is, General Motors policy.

Worse, it is General Motors policy “… make no changes to the carryover carlines except cost reduction”. This strategy runs counter to the conventional wisdom that you must enhance your product as it ages, to keep customer interest and keep it current in the marketplace. Note that this policy does not apply to government mandated emissions and safety regulations. These are expensive items, in terms of both piece cost and development money that are pretty much invisible to the customer.

Me:

Why am I qualified to make these comments? Well, in my 32 years as a bean counter and a car nut, I was intensely interested in basically everything product related that I was exposed to in the course of my various jobs. Unlike my counterparts, I listened and observed intently. Everything was interesting to me, and I remembered.

My Bean Counting career at General Motors began in 1965, when upon graduation from the General Motors Institute, I joined Oldsmobile’s Product Cost Estimating

Department. The function of this department, which came under the Financial Staff, was to track the cost of product engineering changes and track the cost of future models. This is where the “estimating” part came in.

Being an avid car nut, I pretty much vividly recall many incidents of cost reduction that for some reason or other remained with me. To some estimators this may have been merely a job, but to me, it was always fascinating. And I do not recall any significant cost reduction programs throughout the years from 1965 through 1970.

So while Mr. Lutz writes from his perch at the top, my observations are from down here in the trenches. Further, I do not detect any interest shown by my contemporaries to write about this turbulent and decisive period in General Motors history. While my observations are somewhat of a response to Mr. Lutz’ “Car Guys vs. the Bean Counters”, they are also a chronicle of events at General Motors during this decisive period.

As a young engineer, one of my first observations was how a person had to be a “team player” within GM in order to advance one’s career. You absolutely had to subscribe to the corporate philosophy of the day, or risk being labeled a malcontent, or whatever. And your career advancement would stall. This “team player” concept played a significant role in cost reduction programs, as it forced engineers and managers to comply, approving cost reduction items that they found to be distasteful, to preserve their status as a “team player” and just as important, meet their assigned cost reduction goal!

Cost Reduction in Earnest:

The first corporate product cost reduction program I recall was for the 1971 model year vehicles. I believe this cost reduction program was the result of the very costly (in terms of settlement costs and the cost of lost production) UAW strike against General Motors in the Fall of 1970 and extending into winter 1971. I am sure that corporate management put their heads together, and was fishing for ways to recover some of the cost of the strike and pay for future obligations.

Let me explain that after this initial 1971 product cost reduction effort, cost reduction was then a rather sporadic affair, depending on the market situation at any given time. If sales were down, for instance in 1975, management would launch a cost reduction effort. It wasn’t until the 1980’s that continuing and constant cost reduction efforts really became a corporate mantra.

This was likely driven by the severe overload on the corporation due to revamping its entire lineup of vehicles as well as the realization that the labor contracts signed earlier (ref. the strike of 1970-71) were becoming burdensome and likely unsustainable. Also, government intrusion into the industry was rapid in this time frame, with expensive mandates that consumed much Engineering resources and dollars. The industry’s intense efforts to comply and the uncertainty and timing of new regulations were likely

a reason for the malaise the industry entered into during this period (the 1980's) with regard to styling and attention to detail.

We were then constantly "under the gun" on both new products and the carryover carlines to reduce cost or maintain cost targets. Eventually, it came to the policy that about three months after start of production of a new model, we always went into a Financial Staff directed program to take out cost. There were cost targets. This process likely continues to this day. It became an addiction.

The result being that many neat features on new model General Motors vehicles do not survive to the second model year. To illustrate, in my early years at GM, many employees considering purchasing a new car would routinely wait for next year's model, as they were always improved. When I left GM in 2005, the conventional wisdom had reversed itself to buy this year's model, as next year's model would have less content (and cost more). Regarding "cost more", government regulations certainly contributed.

Even during new model development and engineering, every few months we would have a "Deep Dive", "Cost Carnival", "Thrifting Session", or whatever to really dig deep for cost reduction opportunities. Coupled with GM's "team player" philosophy, the engineers were highly pressured to meet their cost reduction targets. An incident I remember concerned the all-new Pontiac Bonneville (and the last Bonneville) for model year 2000. Before the 2000 models even "hit the street", we had deleted the front door courtesy/warning lights for the 2001 model year cars. Another example of getting silly with cost reduction.

This resulted in features and content being removed from the vehicles that I found to be rather distasteful. Not to mention counterproductive to the image of the vehicle.

It should be noted that because of the labor contracts, the cost of labor eventually became a "fixed" cost. It was in the mid-90's as I recall, that we were instructed that we could not count labor savings in our cost reduction calculations, as the cost of labor had become a fixed cost. Prior to this, labor was always considered a variable cost, as it is today in most industries.

As an aside, GM's labor costs were much higher than the foreign "transplants", so to compensate, product content had to be removed. As I said, labor had become a fixed cost. In the new product development phase, it was always difficult to meet a competitive cost level for a market segment because of the high labor and benefit costs, so the result was less product content and cheaper materials. This was always apparent in the Asian imports that were well equipped with features that were optional on domestic products (remote fuel door and trunk release, front seat recliners, interior lighting, trunk trim, tinted glass, remote mirrors, …

Getting back to the 1971 cost reduction efforts, one of my contributions to this effort was a suggestion to remove the bright trim on the tail lamps of the Olds Vista Cruiser

Station Wagon. I suggested this change not only for cost reduction (I believe it was $1.40/car) but because I thought they made the lamps look too “gorpy”. So to me, the 1971 and 1972 Vista Cruisers had a more attractive rear lamp without the bright “blades”. And they cost less.

For the next couple of years, Engineering was consumed with the new FMVSS (Federal Motor Vehicle Safety Standards) bumper standards and EPA emission standards, so cost reduction was somewhat placed on a back burner. But that doesn’t mean that Engineering took a vacation from cost efficiencies, as this is always on the mind of an engineer; “how can I achieve the desired result in the most cost efficient manner”.

The 1975 Models and Cost Reduction:

The next round of corporate product cost reduction effort was soon after the introduction of the 1975 models. There was a pretty hefty price increase for 1975, mainly due to the addition of the catalytic converter and other emission equipment. Plus the continuing escalating costs of the 1971 labor agreement.

You have to be aware that when an item like a catalytic converter is added to the car, not only is the piece cost expensive, but also the tooling, research and development, engineering costs, and added labor have to be recovered in the price of the product. As well as many other features of the car that have to be re-engineered to accommodate the converter. Usually, because of competitive pressures, it is difficult to make full cost recovery. Government oversight on federally mandated items also dictated a cost “pass through” concept, with little or no added profit on the added vehicle content.

Thus, the cost reduction program for the 1975 models (with added emphasis because there was a sales decline in 1975). For some reasons, items I remember are the removal of the “zinc rich” primer on the underbody for a savings of $.15/car. Now the primer wasn’t removed, just the “zinc rich” content. I remember this item so well because it was a feature advertised in our 1975 model announcement material as a product improvement item. And then, unbeknownst to the customer, mid-model year it was gone.

I guess that is the reason for the “features and specifications subject to change without notice” disclaimer in the brochures.

Also for 1975, the thickness of the B/C models SMC front end panels was reduced. I recall this item, as I purchased a 1975 Delta 88 Royale late in the model year, so I got a car with the thin front end panel. As well as a rear axle with no paint, just bare metal.

Up to 1975, all rear axles were given a quick spray of “chassis black”, only on their back side, simply for showroom appearance. This was not for corrosion protection, but only to make the rear axle look presentable in the event it was visible on the new car in the showroom or on the dealer’s lot. Think how awful to look under your new car and

see a rusty rear axle. Well, for a ten cent per car savings, management decided that the rusty look was OK.

These were items, as will be others that could be done quickly for immediate, current budget savings. Simply tell the guy on the line to quit spraying axles!

As in the case of Chevrolet engines in Oldsmobiles (1977), simply tell the guy on the line to cease putting “Rocket Engine” labels on the engine air cleaners.

Continuing Cost Reduction:

During the development of the all-new, downsized B and C Body cars for the 1977 model year, I do not recall any significant cost reduction pressures, although remember that the engineers were always cost conscious. However, during the redesign of the B and C cars for a “major” restyling for the 1980 model year, an incident illustrating the power of the bean counters and the team player concept on design is remembered.

For the 1980 model year, all of the corporate B cars (Impala/Caprice, Catalina/ Bonneville, Delta 88, and LeSabre were to be equipped with P205/75R15 tires. Except the Buick LeSabre models. Seems Buick’s Ride and Development Engineer specified P215/75R15 tires. This larger tire was for better ride and handling, a more adequate tire for the weight of the car, and longer tire life. Not to mention the improved appearance of a larger tire in the wheel opening. However, the cost was approximately $7 more per car.

Every month as Corporate and divisional management reviewed the cost charts for the new 1980 models, Buick was highlighted for “tires and wheels” at $7/car more than the other divisions. This went on for several months, with Buick each month having to justify why they were $7 over the other divisions (their desire for the larger tire size). Of course, Corporate Financial would not stand for this, and the pressure was on.

After a few months, Buick finally capitulated and resorted to the smaller tire size common to the other divisions. I have always resented these manipulations, as the $7 added cost would have been of great benefit to the customer, and an excellent differentiator between Buick and the lesser divisions. Even if the retail price was raised to $50 to cover the cost and add additional profit, still a bargain for the customer. This incident illustrates the power of the Corporate Financial people to influence design decisions, often to the detriment of the product and the customer.

Regarding tires, the above incident was evident in many General Motors vehicles, as the base tire size always looked cheesy, too small for the car and the size of the wheel opening. In some instances, it was so unsightly that I often thought a Design Staff Review should have looked at the decision before it was implemented. It was likely a financial decision, not an engineering decision that determined the tire size.

I also recall many incidents during the development of the 1980 GM "X" cars, when Buick had to defend their higher costs for the Skylark relative to the other three car divisions. In most instances, Buick eventually capitulated, and removed their "premium" content to satisfy the corporate bean counters and bring Buick's costs in line with the other divisions on the cost charts. Buick could have easily justified this content because of their higher retail price. But to the corporate bean counters, Buick was still obligated to keep the higher retail price but without the content.

This philosophy, if carried to its extreme, would be to simply take a Chevrolet Impala, put a Buick LeSabre nameplate on it, and charge a few thousand dollars more. I truly believe many of the corporate bean counters would have had no problem with this, if given the chance!

Although this incident was back in the late 1970's, the practice continued into the bankruptcy days. In virtually every Product Program, when the new model cost charts were reviewed by Corporate Financial, there was always pressure on the high cost division to reduce costs and get in line with the other divisions, or more specifically, the low cost division.

Upscale Products not Upscale:

This worked to the detriment of unique, or upscale, divisional features and was the initial path to what later was referred to as "badge engineering". The divisions were increasingly not allowed to spend more than the "low cost" guy on their products. So much for the image of GM's premium, or upscale, brands, as Corporate Financial strived to get their cost in line with the low cost division.

This philosophy was also apparent with Ford Motor Company, as the upscale Mercury brand became increasingly just a Ford with different added trim. Again, the customer did notice! We are all "… singing from the same hymnal".

Another item I remember for the 1980 B and C models was the use of thinner sheet metal for weight reduction (in this instance, not cost reduction). Fisher body was against this product change and cautioned against it. However, EPA weight class pressures prevailed, and the car divisions went with the thinner sheet metal. Later, I recall seeing many 1980's GM B and C cars with little dents in the doors and deck lids where somebody put the palm of their hands to close. The folks at Fisher Body knew what they were talking about when they resisted this move.

Regarding Fisher Body Division, they really knew how to build good, solid car bodies. The logo "Body by Fisher" really meant something. When Fisher Body was eliminated in the early 1980's, no doubt General Motors saved hundreds of millions of dollars by getting rid of the Fisher Body bureaucracy. But they also lost much in the area of body integrity.

No Fisher Body:

The first General Motors products I encountered whose bodies were designed by Corporate Engineering, rather than Fisher Body, were the 1988 Corsica/Beretta (introduced mid-1987) and the all-new 1988 "W" cars. Cutlass Supreme in my experience. It was very evident on first drive of these that the bodies were not what I was used to from General Motors. Dust intrusion, door closing sound, and general "feel" was not what I had come to expect from GM. Also, the 1986 Oldsmobile Toronado is remembered for the squeaks and rattles when crossing a railroad track. These were not the "Body by Fisher" that we were accustomed to.

Note that in the stock car racing events "back then", 99% of the drivers chose GM "A" body cars. This was simply because of their superior body strength relative to the competition. I remember in the 1970's and 80's, the car enthusiast magazines always noted that the GM cars were too heavy relative to their competition, especially the Asian makes. Well, this was simply because Fisher Body built a tough body! And it should be noted, a safer body – more metal.

Management Philosophy:

As an aside, a disappointment in my GM career was that management never asked, for instance, "What would it take to make the Bonneville (or whatever) a world-class car?" It was always, always, how much money we can take out of the car! This was a disappointment because, on a factory cost level, it would have taken very little to make most any GM product world-class, as they were all basically very good cars, just lacking in the details (refinement and workmanship). But it's in the details that add extra cost, the little niceties and premium features, tighter tolerances, and so on.

Alfred Sloan never worried about the extra cost in a General Motors vehicle because he knew the customer would recognize the extra value. The man was correct, and as long as GM adhered to this philosophy, they "owned" the market. It was only when the bean counters gained too much influence, and the engineers capitulated, that General Motors products lost their prominent position in the eyes of the customers. Not to mention their valuable divisional identities.

I recall a cost reduction program in the late 90's that was initiated by a visit with the Wall Street Analysts by people from the Treasurer's Office. As it was related to us "troops", people from the Treasurer's Office had visited with some Wall Street Analysts, and promised them that General Motors would "… take $100 million out of their material cost budget" for the year. This was on the premise, as GM believed; the analysts would go back to their desks and rate GM as a "buy", based on this promise, and the price of GM stock would go up. A top concern with GM management was always today's stock price.

So rather than going the route of "How can we make our products more attractive to the customer?" we were given the assignment of reducing material cost for the current

year. In other words, removing product content (thus making our products less attractive). This was when I came to the conclusion that if GM paid more attention to Main Street, Wall Street would take care of itself. I doubt if the Wall Street Analysts responded as thought, and we continued down our usual path of product neglect and "destruction". Simply a continuation of the malaise that GM products were suffering.

Being a Team Player:

Back to the "team player" concept, I vividly recall an incident that happened during one of Buick's monthly Product Planning Meetings with senior management. One of the Assistant Comptrollers entered the meeting late, explaining that he was on the phone with Corporate Financial. Seems the folks at Corporate wanted to know if Buick wanted to continue pricewise "right on" Oldsmobile, or move upscale, perhaps midway between Oldsmobile and Cadillac?

Well, my boss, the head of Buick's Product Planning Department spoke first. He was adamant that Buick should move upscale from Oldsmobile, that it was ludicrous to stay right on Oldsmobile pricewise, but move Buick perhaps midway between Olds and Cadillac pricewise. Oops! Every other spokesperson (senior management) present was in favor of staying right on Oldsmobile pricewise. No movement! This was especially true of the Sales Department, who spoke second and most likely did not want to have to assume the task of justifying to the customer why a Buick cost more than an Oldsmobile. In other words, it had the potential of making their job harder! And they obviously thought this would cause Buick to lose sales vs. Oldsmobile (we at Buick were always chasing Oldsmobile!).

So my boss was alone out in left field. I do not think this incident enhanced his career at Buick. He was a true Buick person, and his decision was obviously based on his desire that Buick be a premium product, a cut above Oldsmobile. I agreed, and if the premium content was correctly done, as Alfred Sloan believed, the customer too would have agreed, recognized the value, and responded positively.

From my experience in Buick Product Planning, and with Engineering Management, the idea that Buick's were "Premium American Motorcars" was ingrained. It was their goal to maintain this well-deserved image.

Car Division Traits:

Which brings to mind that I was always impressed how the General Motors division's product personality traits seemed to live on. For instance, Oldsmobile could make cars go, but they couldn't make them stop. Buick was always known for excellent brakes, and this trait continued through the years.

I always thought Oldsmobile's instrument panels and front end sheet metal were rather flimsy. Buick, on the other hand, always had instrument panels and front end sheet metal structures built for a tank!

Pontiac advertised that “we build excitement”. And they truly did. Take a look at Pontiac’s vehicles from the late 50’s to the late 70’s. Look through a Pontiac accessory catalog and see the interesting and unique (exciting) performance options that the other divisions did not even offer! But then in the early 80’s Pontiac fell into a malaise, and for a period the question from the other divisions was “Is Pontiac still part of the corporation?”

With each division having its own engineering departments and management, many divisional traits were perpetuated through the years simply by heritage, passed along to the next guy. This was good, as it contributed to product identity and customer loyalty. General Motors has always shared bodies, but as long as each division pretty much controlled their destiny, the customer didn’t so much notice this commonality. There was always something unique to love about their favorite brand.

“Bottom line”, it was people and their dedication to the product that perpetuated the favorable General Motors divisional traits and their success. There truly was divisional loyalty from the employees and this led to the same loyalty from the customer. It always trickled down.

Chevrolet always had the unique ability to engineer and style “value” into their products. Thus, they were always the “value leader” for the corporation. Sometimes they got a little out of hand though, as I remember in the early 60’s Oldsmobile’s General Manager Jack Wolfram complained to the corporation that Chevrolet’s interiors were getting too nice! Take a look at an Impala interior from 1962 to 1964, for instance, and compare it to a base level Olds interior and you will see what Mr. Wolfram was complaining about.

Oldsmobile, of course, could have improved their interiors to meet the competition, but apparently Olds was putting the extra cost of building an Oldsmobile into other areas of the car. Mr. Wolfram, as General Manager, was acutely aware of his responsibility for his division’s profit and his being held accountable compared to the other car division General Managers.

RANDOM THOUGHTS

The UAW:

Did the UAW kill General Motors? If not entirely, they sure had a hand in it. From my experiences with product cost, we were always under the gun to take features and content out of our vehicles to compensate for our excessively high labor content.

Conventional wisdom is that General Motor’s high legacy costs sunk them. That is, their billion dollar obligations to the UAW pension and health care funds. This has received a lot of press. But I think a worse villain was the UAW contractually imposed work rules and job demarcation. I once heard that the UAW contract had over two

thousand pages defining each job, what a worker could, and more importantly, could notdo! Seems in a union shop, everyone knows what their job isn't. So a lot of things went undone! And of course, more people were hired and paid union dues.

I never thought General Motor's hourly labor costs were too high at $65 an hour, or so, provided the employees put in eight hours work for eight hours pay. Unfortunately, in too many instances, this was not the rule! There was so much to be done, and nobody to do it in any way near an efficient manner!

Recall earlier that I mentioned when we reduced product content, we could not take credit for reduced assembly labor, as labor had become a fixed cost. Historically, labor was always a variable cost, as it likely remains in other industries.

If the employee was tied to an assembly line or other line activity, his tasks were based on time study elements to determine his work content per vehicle. At Buick there was the phenomenon known as "doubling up" on the assembly line, where a line worker would leave the job and his adjacent co-worker would do both jobs. When the AWOL worker would return, his co-worker would then leave. This was possible if the work load was too lenient, as it often was. This was a bad thing, as the AWOL worker could be involved in mischief. And product quality could suffer if the remaining worker was overloaded.

This strict job demarcation was the union's strategy for making the company hire more workers, thus more union members. It may also have been an attempt to protect their members from "overwork", but that was probably minor. But the union was successful, as General Motors had three workers for every two jobs. This added immensely to their cost structure when considering the cost of fringe benefits. In fact, the cost of fringe benefits became so high that the lesser cost strategy was to work their people overtime rather than take on the cost of hiring a new employee.

Further, if the company hired a new employee, because of the labor contract, they virtually owned them for life. I recall this (hiring an employee) being referred to as "buying a social security number".

But back to the job demarcation rules, this resulted in too many employees working too few hours per day. Too many employees greatly added to the legacy costs of pensions and benefits. So from my perspective dealing with product cost, the job rules lead to too many employees doing too little work adding immense labor costs to be borne by the product. And again, increasing the legacy costs more than necessary relative to a smaller, but more productive work force.

You have to remember, there is no magic, and it's all in the price of the product!

The other "negative", if you will, concerning the union, is their impact on the employee's attitude. In short, many UAW members simply forgot who signed their paychecks. The union, probably intentionally, created this wall of suspicion and

animosity between the employee and the company. Likely to enhance their union membership value or experience. To be fair, it should be mentioned that this "wall of suspicion" and mistrust was likely enhanced along the way by some members of senior management who were not sincere in their dealings with the rank and file.

But the result was not good for General Motors and the bottom line. I believe the work rule situation likely also led to poor employee morale, as many finished their work day having accomplished nothing. No job satisfaction here!

GM's Loss of their Car Culture:

This divisional uniqueness began to wane as corporate cost pressures mandated more sharing and thus the inevitable elimination of the divisional cultures. It was further exacerbated by General Motors (the corporation's) loss of their car culture. This occurred when the Board of Directors in 1992 replaced car guys Lloyd Reuss and Bob Stempel with the disastrous "brand management" guys Bob Smale and Ron Zarella. Their philosophy was that you could take mediocre cars and "brand manage" them into prominence in the marketplace. As we saw, the car buying public was too smart for these shenanigans.

Note that division General Managers for many years came from Engineering. Chief Engineers were most often selected to become the next Division General Manager. This likely contributed to the continuation of divisional product identifiers and the extra value customers recognized in GM cars.

There will be many books written in the future about the demise of the domestic auto industry. But I doubt if any will refer to the loss of the "car culture" so important in the development of the product. This is something you had to be there to detect, and you had to have a real interest in the product to be aware that this phenomenon was occurring.

It is a truth that any living organism is born, grows, matures, and dies. Is this what happened to the domestic auto industry? Did the industry simply grow tired and further fatigued by ever increasing government intrusion and cost pressures?

Government intrusion also reached into staffing, as "diversity" became the mantra for American industry.

General Motors slide into oblivion really began in earnest in 1992 with the ouster of car guys Bob Stemple and Lloyd Reuss, and their replacement with non-car guys John Smale and Ron Zarella. As I mentioned, these are the two who figured you could "brand manage" mediocre products into prominence. And the car culture gave way to image and an attempt at favorable "perception".

Ron Zarella is reported to have said something on the order that "… you don't have to be a car guy to design good cars". Well, that is true. General Motors has shown that to

be true. The problem GM has discovered (or maybe not) is that when your cars come up against cars designed by people who really care about cars, you lose!

An easy example here, at least for me, is the impeccable “fit and finish” of Volkswagen interiors compared to a General Motors vehicle. Bob Lutz’ efforts in this regard are admirable, but Volkswagen still prevails when it comes to precision interiors.

Divisional General Managers:

In GM’s heydays, the Divisional General Managers were powerful people, highly respected, and even feared. In this regard, as a Product Planner at Buick, I noticed there was always a slight change in product direction with a new General Manager.

When I began in Product Planning, David Collier was Buick’s General Manager. I always liked Mr. Collier. He wasn’t especially a car guy, at least he didn’t give that impression, but he seemed to get out of the way if there was a product decision that Planning and Engineering favored, and he had no strong opinion about. He let the folks at Design Staff and Engineering do their job with little interference, unless there was something he felt strongly about. This was my impression.

Don McPherson, on the other hand, was too Scotch, and we did some nit-picky product cost cutting under his reign. Now you have to understand that when Corporate Financial issued cost cutting targets, you had to meet these targets, or risk being labeled as not being a team player. It was under Don McPherson that we eliminated the amber rear turn signals (ten cent savings) and the different color for the kilometer markings on our speedometer clusters, among other rather superfluous cost reduction items. Saving pennies, but losing the extra-value perception that made a Buick a Buick! “It’s all in the details” as they say.

Being a car nut, I did not care for Don Hackworth as Buick’s General Manager. Don was a Manufacturing guy, and he always deferred to the Sales Department for product decisions. The Sales Department always voted against any design decision that would add cost – that old philosophy of staying right-on Oldsmobile price-wise. This led to Buick not really rising to a really “premium” car status, situated between Olds and Cadillac.

An example here is that Buick’s Product Planning management desired that every Buick carline have as standard equipment a glove box light, instrument panel courtesy lights, a trunk light, a rear door jamb dome light switch, and an underhood light. However, Corporate Financials “cookbook” pricing formula mandated a $15 MSRP charge for each lamp. Thus, a potential price increase of up to $75, depending on carline. Since Corporate Financial was rigid on their pricing, Buick’s lamp strategy was vetoed by Sales. The blame here rests with Corporate Financial, as sitting behind their desks in Detroit, they were unbending in their pricing, never allowing any deviation, even when it simplified manufacturing (they didn’t recognize any cost savings, as these

were to be “pocketed”, not passed on to the customer). In this lamp instance, the Sales Department veto was correct, as there was not $75 value to the customer.

However, Manufacturing would have benefited greatly by having fewer wiring harness part numbers. Too many wiring harnesses were always a problem, and likely still are.

Lloyd Reuss, of course, was Buick’s best General Manager, as he was a true car guy and thus had the ability to inspire the engineers. I recall an incident that occurred when we learned that Lloyd was returning to Buick as our General Manager. He had earlier left Buick to become Chevrolet’s Chief Engineer.

During his absence from Buick, the turbo V6 engine (a pet project of Lloyd’s) was pretty much left to languish from inattention, to the extent that Planning had a Product Change Notice (PCN) ready to send to the Corporation’s Product Policy Group (PPG) to cancel the turbo V6 engine (volumes had dropped too low to sustain the option). Well, when we learned that Lloyd was returning, orders were to destroy this Product Change Notice, “… don’t let Lloyd see it”.

So the turbo V6 not only survived, but under Reuss’ direction, it matured into the Riviera Indy Pace Car engine and the now legendary Buick Grand National. This is a perfect example of what “car guy” inspiration can produce. This is a good time to also give credit to the highly competent engineers of not only the turbo V6 but also the 3800 V6, as it too matured into a marvelous product.

The 1985 Buick Somerset Regal

Another incident involving Lloyd Reuss: The 1985 Buick “N” car, the Somerset Regal was a definite victim of Buick’s Sales Department wanting to be “right on Oldsmobile” price-wise. When Reuss was Buick’s Chief Engineer, he wanted the all-new Somerset to be a “baby Riviera”. And design was proceeding in that direction, notably with a standard electronic instrument cluster and other premium details.

However, during development, Reuss was transferred to Chevrolet as their Chief Engineer, and with Don Hackworth as our General Manager, the Sales Department proceeded to “decontent” the Somerset. Exterior and interior trim items were removed to get the price down and in-line with Oldsmobile’s Calais. The result was a car that was a failure. It was cheap looking, cheap feeling, and it was cheap, having morphed into a Calais competitor rather than a market competitor! And it was a rather odd product, cheap but with a standard electronic instrument cluster. An upscale feature in a downscale car, giving the impression that the car didn’t know what it wanted to be! This was because our “decontenting” occurred after design was pretty much done, so as I mentioned earlier, decontenting consisted of removing existing features. With a high cost electronic instrument cluster, we had to really eliminate other features to get our costs down to the Olds Calais level.

Before introduction of the Somerset, Lloyd Reuss came back to Buick as our General Manager. I remember during a Planning meeting when Lloyd discovered that the cross-car rear lamp on the Somerset was a two-piece affair, with of course, a parting line in the middle, between the two halves. His response: “Who told you to do that?” He directed the engineers redesign and retool the lamp to a one-piece design. A correct, but costly, design decision. As I recall, the tooling bill was another $1.2 million. But he achieved the attention to detail that he wanted in his car, at least with the rear lamps!

Otherwise, Lloyd had arrived back at Buick too late to really “save” the Somerset Regal. During my days as a dealer, I would witness the GM “N” cars going through the General Motors dealer auctions. Of the three “N” cars, the Pontiac Grand Am, the Oldsmobile Calais, and the Buick Somerset, the Grand Am was the most sought after and sold for much more than the other two. The Olds Calais was sort of mediocre regarding dealer bidding, but the Buick Somerset was a true disaster!

The Somerset didn’t know what it wanted to be, with its upscale electronic instrument cluster, accompanied by a cheap interior and austere exterior. Clearly, a messed-up product as a result of the machinations on the part of the Sales Department. For subsequent model years, Buick got the message and dressed up the Somerset with attractive body side moldings and interior trim items, but it was too late, as “first impressions” count in the auto industry.

By the way, of the initial “N” cars, the Pontiac Grand Am had expensive body side cladding (a Pontiac style trait) the others did not have. Good decision to keep the Pontiac image in spite of the added cost, as I mentioned, at auction the Grand Am brought much higher dollars and was far more desirable than either the Olds Calais or the austere Buick Somerset. A perfect example where the added product cost produced a desired product, while in Buick’s instance the cost savings resulted in a failed product.

Regarding the Buick Somerset, it is interesting to note how quickly the public catches on when a car “doesn’t know what it wants to be”. Of course, the car enthusiast magazines detect this “nasty” right away!

Since the general tone is to beat-up on the bean counters and their demonstrated lack of car savvy, I should mention my favorite bean counter, Leroy “Roy” Bence. Roy Bence was Buick’s Comptroller during my tenure at Buick. Unlike the typical bean counter that we defame on these pages, Roy Bence was a loyal friend of the product and advocate of Engineering. I do not recall the man ever vetoing a product enhancement or an Engineering project. This is likely why Lloyd Reuss, when promoted to become Chevrolet’s General Manager, brought Roy Bence along as Chevrolet’s Comptroller. He recognized the need to have an ally in the Financial Department. Roy Bence was an engineer’s best friend and always voted on the side of what was best for the product. My impression, anyway.

Processes and Procedures:

Since General Motors lost their car culture, they have instituted a whole series of "Processes and Procedures" for the development of a new vehicle. They have replaced car savvy and "gut feel" with mandated procedural steps that must be followed in the development process. This also applies to other routine business matters, to the extent that an employee can be busy the entire day, following the correct "processes and procedures", and at the end of the day having accomplished absolutely nothing! But this employee would be the darling of management, an example to uphold.

This loss of car culture and car savvy, also led to the practice of "clinicing" everything to death. In the absence of "gut feel" and a sense of what the car had to be, there had to be volumes of clinic data to support and reinforce every product decision. If the "little old lady from Peoria" didn't like a certain feature line on a proposed model, it was gone! The lack of car savvy being replaced with a rigid set of "Processes and Procedures" led to the mediocre General Motors cars that Mr. Lutz often lamented.

To illustrate, here is a statement from Paul Gillan, Chief Designer of the Pontiac Exterior Studio, regarding development of the 1955 Pontiac Safari (Collectible Automobile, December, 1992): "The members of the design, engineering, and sales group felt they were automobile men and didn't need scores of uncreative types deciding what the products should be." Further, in explaining the quick time to market of the '55 Safari, Mr. Gillan stated "At that time, the large committee type of meetings for inventing and approving new models was nonexistent in the corporation, although they did have a customer research group."

I grew to not trust clinic data, as I got the feeling that the folks in the clinics, being treated nicely and feeling important, somehow would not respond as they would in the showroom when they had to put their own money "on the line". Sure, they like this feature, "gotta have" that, but when it came to actually paying with their own hard earned money, well that would be another story.

Yuppies love meetings:

My observation; meetings were always over an hour before they ended, as the yuppies blathered on and on about stuff the rest of us didn't need to know! Seems they would rather waste time in a meeting rather than get back to work. But these meetings were part of the "Processes and Procedures" that the yuppies subscribed to.

General Motors Dealers:

Forcing GM dealers to upgrade their facilities to comply with GM's Essential Brand Elements program is a bit of overreaching. The Corporation's first obligation to their dealers is to supply them with desirable and competent products. Getting so heavily into the area of dealer facilities is a bit of overreach. It is costing dealers a lot of money that they have to recover from their customers. So it is in reality an added expense for

GM customers to absorb! And how many car buying decisions are based on how the dealer's facility looks like the other same make facilities? As I mentioned, there has been a sea change in the automobile industry, but one thing remains constant: it's still all about product!

Of course, the automakers should insist their dealers have clean and tidy, up-to-date facilities, but forcing expensive upgrades in an uncertain economy is risky, to say the least. Especially when the dealer is depending on the manufacturer to provide "gotta have" products, which may or may not happen, and the cost of these upgrades must be included in the dealer's price to the customer. Without "gotta have" products, all of these mandated facility upgrades are meaningless.

Having spoken against forced dealer facility upgrades, I have to mention that when a youngster, I noticed that the local Studebaker, Hudson, Kaiser – Frazer, even Chrysler Corp. dealers were many times in sub-par facilities in small town America, off the main streets, and in worst case scenarios, simply in gas stations, repair facilities, and other not-so-attractive facilities. This likely hurt their local competitiveness with the Ford and GM dealers. So there is something to be said about a program mandating attractive, inviting, competent facilities.

General Motors first obligation to their dealers is to provide them with desirable products that they can sell at a reasonable profit. Unlike Chevrolet dealers today who have an eight year old Impala to sell against all the slightly used "Program" cars. 75% of today's Chevrolet Impala goes to daily rental fleets, and these enter the used car market putting pricing stress on "new" Impalas. Recognize that a few years ago, Impala was a Chevrolet dealer's volume car! Through corporate neglect, it is now a virtual non-entity to a Chevrolet dealer.

A final thought on car dealers. I have often wondered why the animosity and distrust that exists between the manufacturers and their dealers. To some degree this may have originated with unrealistic sales goals (and the accompanying incentive payments) put on the dealers and skimpy payments and approvals for warranty work. This led to cheating on submissions for warranty work by many dealers as they sought to receive what they thought to be fair compensation for fixing the factory's errors. Of course, this led to more audits and the despised snooping into the dealer's books by the factory.

Factory violations, at will, of a dealer's franchise territory also led to distrust. Seems the dealer franchise agreements were always tilted in favor of the factory, written and defended by their leagues of "Philadelphia lawyers" while the dealers had little recourse: "You can't fight City Hall". The "GM Legal" department was universally feared by GM dealers!

Striving for fairness led to car dealers becoming politically powerful, as their local and state associations sought protection and redress through their state legislatures. Thus, a proliferation of state laws protecting the franchised car dealer. In the current situation

with Elon Musk wanting to sell Tesla cars direct to customers from the factory, the public may be wondering about all these state laws protecting the existing factory/ dealer relationships. Well, all of these laws have their basis in the factories historically running roughshod over their dealers.

Note that with the demise of the "mom and pop" dealer, today's large corporate owned dealerships have the resources to confront the factory if needed. And by the way, these large corporate dealers are experts at extracting money from the customer, with a plethora of high priced after-sale items of dubious value.

The Dealer Discount:

Related to the above paragraphs, is the phenomenon of the ever decreasing dealer profit margin on a new vehicle. Again, back in GM's heyday, the dealer discount on a new vehicle, from dealer net to MSRP, was 25% (26% on a Cadillac). Today, this margin has shrunk to a few hundred dollars. To a large degree, this is the result of the factories strategy to announce no price increases on the new models. This is deceptive to the public though, because the factory is actually increasing the dealer invoice price, while keeping the MSRP constant, thus reducing the dealer margin, narrowing the gap between invoice and "sticker price". But as intended, what the customer sees, the "window sticker" price is the same!

Since dealers sell from invoice up, rather than from MSRP down, this strategy is really no different than a usual price increase. It is a strategy to hide the price increase. My point being that added to this factory price increase, the dealer has to add the cost of his mandated facility upgrades. This leads to the practice of selling a myriad of "aftermarket" products (most of dubious value) to help pay the overhead. In fact, if a dealer today sold every car at full MSRP, it still would not be enough to cover the cost of doing business in today's regulatory environment.

Another pricing trick that comes to mind is to raise the retail prices, effective July 1. Now this is a phony price increase as it is late in the model year and all sold orders are price protected. Thus, very few, if any cars were built with the "effective July 1" price increase.

The strategy here was to blunt the impact of the new model price increases a few months later. The media would respond that the new model price was "only" a few dollars more than last year, comparing the new model pricing to the latest prices for last year's model. In effect, the hokey price for last year's model!

Car Dealers and the Factory:

I have always been perplexed by the adversarial relationship between car manufacturers and their dealers. I think part of this attitude is because the manufacturers have never grasped the importance of their dealers to their success in the marketplace. Car dealers are, for the most part, very sharp individuals who know

their market. Factory people, on the other hand, have never operated a business, never had to meet a payroll, and live in the secure cocoon of the factory environment, insulated from the stress and cruelties of the market place. They will always have a payday, regardless of their performance.

Sometimes, this leads to goofy marketing schemes. I remember as a dealer, when the all-new 1988 Cutlass Supreme was introduced, Oldsmobile instituted a conquest program for Thunderbird and Cougar owners. Take a test drive in a new Cutlass Supreme and receive $25 (or was it $50?). Anyway, it got to the point that whenever we saw a new Thunderbird or Cougar pull-up in front of the showroom, we would simply sign their award certificate, forget the test drive!

The cost of dealerships to the factory:

During the General Motors and Chrysler bankruptcies, both testified before Congress that they would save millions of dollars by eliminating dealerships. This was their defense for this act of causing “pain and suffering” to many businessmen, their employees, and their communities.

This was a blatant lie. It surprises me that they got away with it! And further, that the NADA did not protest this lie. Being a former dealer, I can testify that not only does it cost the factory nothing to maintain a dealership, they likely make money from each store! For instance, when the factory held a district meeting for dealer principals, office managers, service managers, and so on, we actually had to pay for our own lunch or dinner! This was billed to our parts account. Likewise, brochures, showroom window dressing, and all promotional items were billed to the dealer. Nothing was free!

And the prices charged the dealers were always excessive. I recall the little 1/25 scale dealer promotional models were $10 each. At $2 each they would have been overpriced. But, $10? I still have boxes of these unopened that I cannot even sell on eBay for $9.99. The market knows what they are worth, even thirty years later.

Not to mention items of “Chevrolet” branded clothing. These are always priced way beyond reason. I ceased ordering these, as some customers would want us to “throw in a jacket” to cinch the deal. Couldn’t do it, as these were too expensive!

Notice that dealers no longer place brochures in racks for customers to take. Too expensive. Have to ask a salesperson if you want one.

Regarding the elimination of dealers during the GM and Chrysler bankruptcies, note that the NADA (National Automobile Dealers Association) did not come to their rescue or give them “aid and comfort”. They apparently looked with favor on the elimination of some 4,000 of their competitors, mainly small dealers with low overhead who could always put price pressure on the larger, high overhead stores in those instances when the customer was price shopping.

This has had a very favorable impact on the large corporate stores, as they are now enjoying very good years serving larger market areas with fewer competitors, fewer stores to price shop within a convenient area of travel for the customer.

One of the first things I learned as a car dealer was that everybody knows more about the car business than the dealer. "Is that all you are giving me for my car? My banker says it's worth …. ". Or, "the book says it's worth … ". Ok, so go sell your car to your banker, or to the book!

And there is no shortage of articles and books about how to buy a car, how to prevent your mechanic from cheating you, what car to purchase, what car to avoid, and on and on. All of these include a good amount of misinformation and misleading advice. Often these recommend the "foreign" car over the domestic, ignoring the fact that the foreign car dealers are not bashful when it comes to the cost of repairs! Many times a very good car is maligned by their faulty, "know nothing" advice to avoid that car. These authors are pretend experts!

The much maligned car salesman:

Until the salesman sells something, all of the billions of dollars invested in research and development, tooling, facilities, and so on is for naught. The lowly car salesman is generally looked down upon by the public and yes, even the factory people. Yet this person holds the key to prosperity for the entire, very capital intensive auto industry. Until the salesman sells something, nothing happens! This goes for any industry.

Abandoning Market Opportunities:

The domestic auto industry has abandoned the small pickup truck market. Ford has discontinued the Ranger after leaving it the same for almost twenty years (neglect), Dodge has discontinued the Dakota, and General Motors has the vastly inferior Colorado and Canyon (first generation). Toyota and Nissan are eager for this market and they have the right product. They are now alone in the small pickup segment.

The low price segment (entry level) has always belonged to the Asians. Now, they have the opportunity to also "own" the medium price market as GM and Ford have discontinued Mercury, Pontiac, Oldsmobile, and Saturn. Chrysler has discontinued their low-price Plymouth and is now attempting to cover this market with a cheaper Dodge. Are they spreading Dodge too thin? Is Ford asking too much of Lincoln to compensate for no medium priced Mercury? Are Lincolns now simply "badge engineered" Fords? This strategy has happened before, with bad results. Everyone has to have noticed Hyundai and Kia introducing upscale products into the medium price segment, filling the void.

And the "Big Three "also helped to exacerbate the medium price field with their upscale "Low Price Three". Chevrolet not only introduced the Caprice Classic, but went farther upscale with the Caprice Classic Brougham. Likewise, Ford introduced

the LDT and followed up with the LTD Brougham. Regarding GM, every new model had to be approved by the corporate Product Policy Group.

Reminds me of the demise of DeSoto as its market was encroached on from below by the introduction of the upscale Dodge Custom Royal Lancer, and from above by the new, lower priced Chrysler Newport.

More Random Thoughts:

I read much in automotive publications today about how many billions of dollars the industry is spending to meet the new CAFÉ standard of 54.5 miles per gallon (why the .5?) by 2025. This is so elementary foolish, it surprises me that publications such as Automotive News and the Wall Street Journal publish such statements. The industry isn't spending a penny; it is the customer, the purchaser, who is footing the bill for all these billions in investment, research, engineering, development costs, and so on. This is already evident in the rapidly escalating cost increases on new cars and trucks in the showroom today. If you haven't looked at a new vehicle window sticker lately, you are in for a real "sticker shock".

Make no mistake about it, today's rapidly escalating car and truck prices are directly related to the 54.5 MPG CAFÉ standard for 2015. Not only is the industry revamping every engine, transmission, vehicle architecture, but they are also losing money on every electric and hybrid vehicle they sell today. This too is included in the price of new vehicles as the manufacturers seek to recover the cost of these mandated vehicle sales. As I mentioned, there is no magic, it's all in the price of the product.

Sticker Shock:

As I recall, the term "sticker shock" came as a result of pricing on the new for 1982 General Motors "J" cars. These were a bit smaller than the recently introduced all-new front wheel drive "X" cars for model year 1980. The public, and GM employees, were expecting a significantly lower price than the "X" cars. It didn't happen, largely the result of two things. The first is that it doesn't really cost that much less to build a slightly smaller car than a larger one, since most of the cost is in labor, and all you are saving is a bit of material cost. To put it in very elementary terms, you are saving perhaps a foot of steel. The other reason was the Corporation's "cook book" pricing formula, which I previously mentioned. I saw the price buildup for the original Chevrolet Cavalier, and they put a price tag on everything, from a bright grille header bar to a bright trim strip on the instrument panel. I guess the pricing guys were pretty proud of themselves for capturing a price on everything! The net result was a price very close to the bit larger "X" cars and "sticker shock". I recall a few Buick employees cancelling their orders for a new Skyhawk when they saw the price!

The Corvette Team:

The Corvette Team has always amazed me. Operating within the constraints of a very cost conscious corporation, they have been able to produce a product with amazing value for the money when compared to their competition. During our cost reduction programs, Corvette was always pretty much off-limits. The only weakness I have observed regarding the impact of cost pressures is Corvette interiors. Occasionally, I spot an interior item that is clearly the victim of an overzealous cost reduction effort, and I wonder "who approved that!"

Corvette interiors likely suffered because the body and chassis item were very long-lead items. As the new car neared completion and the cost guys demanded cost reductions at the last minute, the interior was the easiest victim!

The Pickup Truck Teams:

The Truck Team likewise was pretty much off limits in our cost reduction programs. This may account for the huge success of General Motors trucks in holding onto their market share in spite of Toyota and Nissan's efforts to break into this lucrative market. This doesn't mean, however, that they were immune to cost reduction.

But had they suffered the same cost cutting scalpel as the car lines, they would have been more vulnerable to defeat from the newcomers. Note that even today, GM's car lines are not performing well against Toyota, Nissan, and Honda in spite of their improvements. Their reputation precedes them. "The die is cast".

The current generation of General Motors pickup trucks have hard plastic interior trim replacing soft touch trim, the absence of rear seat heater ducts, underhood lights, upper tint on windshields, dual sun visors, lighted vanity mirrors, and so on.

Corsica and Beretta:

Corsica and Beretta are good examples of corporate neglect. Introduced with much fanfare in mid-1987 as 1988 models, they were good cars for their price bracket and offered much potential as Chevrolet products. However, they were immediately the subjects of a cost reduction program, and further, the GM addiction of launching cost reduction a few months after public introduction. For the rest of their lives, I think the 1995 model year was their last, no changes were allowed, except for cost reduction (removing product content). They were not replaced, as sales volumes dropped to unsustainable levels. Rather than enhance these cars to keep them "alive", they, in the GM tradition, were neglected. And they died. Go figure! Apparently Chevrolet and Corporate management had no intention of keeping Corsica and Beretta viable products.

The same fate for the popular Chevrolet Lumina. I owned three, and they were very good cars. My '95 and my '98 were identical. The last generation Lumina went seven

years with no changes, not an instrument panel, a new front fascia, new rear lamps, nothing!! They too were replaced as sales volumes dropped to unsustainable levels. So much for the value of an established nameplate.

Speaking of name, whatever happened to names for cars, names that invoked adventure, luxury, sportiness, free spirits, and so on. Cadillac, Lincoln, and Lexus are the worst offenders with their letter system for models. Nobody knows what these letters represent, nor can anyone remember them! And who can be proud of owning a new "whatever" … If you describe it to acquaintances, they do not know of what you speak!

Easy Cost Cutting Targets:

Interior lights, such as under I/P courtesy lights, glove box lights, interior ambiance lighting (HHR), … Underhood lights have all but disappeared.

The tinted band at the top of the windshield.

Remove a coat of paint from the radio and control knobs. In a few years, your radio knobs have no paint!

Only one color headliner, as well as restricting interior colors to dull and duller (black, grey, neutral)! Whatever happened to color-keyed interiors?

Taking the color out of emblems.

Eliminating name plates (seen a "Chevrolet" nameplate recently?)

Eliminating body side moldings, or portions. More on this topic below.

Less and less leather used in leather upholstery. To the extent that GM lost a law suit due to "leather seats" becoming "leather seating areas" only (and failing to inform the customer). And leather front seats only, vinyl rear seats with the Leather Interior Option.

Delete rear lamp bulbs (Corsica and Cavalier). The year after their introduction, the same rear lamp, except with only two bulbs per side instead of three. This left a blank, unlit area in the lamp. It looked like a bulb was burned out!

Deleting or lessening corrosion resistance.

A cheap sounding single note horn, replacing the dual note horns.

Visor vanity mirror covers that fall off.

Air conditioning outlet deflectors so cheap the vanes are usually broken.

Cabin Air Filters: Adding a filter to the HVAC system to filter incoming air to the passenger compartment is an idea that makes me wonder,"… what took so long?" But as soon as General Motors added cabin air filters to some car and truck lines, they became the victim of cost reduction efforts. The 2000 – 2003 Buick LeSabre, for instance, has a cabin air filter. The 2004 – 2005 models do not! The same can be said for Chevrolet Silverado pickups and the GM minivans. Initially, the new model had them, next model year, or a few model years "down the road", they were gone!

Black or dark gray fascias and grilles on the front and rear of base level vehicles. Ugly! Did the folks at Design Staff approve these?

Only one operating Daytime Running Lamp (DRL) because one is burned out (the result of the "low-cost producer" strategy). It is sort of a joke in my family that whenever we see a car approaching with only one DRL, we know it is a GM product.

Delete Roof mounted assist handles (or use only three).

Deleting paint from highly visible mufflers. Management didn't like the appearance of the mufflers hanging below the car, so they were painted flat black. But for a $1 savings, apparently it's OK to look at ugly mufflers!

Map pockets on the backs of front seats.

GM cars generally have the shift indicator (PRNDL) only on either the instrument cluster or on the console, but not both. Most of the competition have both, which I consider a safety consideration (keep your eyes on the road).

Secondary sun visors are all gone! As well as sun visor extensions.

White paint peeling on GM cars due to a step in the primer process being eliminated for a reported $7.00/car savings. Hopefully this is no longer the case with GM cars.

If GM wanted to save a bundle on the eight year old Impala, they could delete the deck lid spoiler. These are meant to invoke a performance car image, but not on an eight year old, boring 4-door sedan that mostly goes into the daily rental fleets. These customers could not care less about a stupid looking, out-of-place spoiler that is supposed to make the car go faster! At least image-wise.

To illustrate how insane GM's cost cutting became, even the small underhood label showing the routing of the serpentine belt was eliminated. It couldn't have saved more than a penny, but it surely created a headache for service people.

Speaking of headaches, elimination of the transmission pan drain plug for a 35 cent savings sure created a mess for us do-it-yourself people. Removing the pan to replace the filter results in a mess, with transmission fluid dripping down your arms.

Likewise, elimination of the radiator drain pet cock, for a ten cent savings, meant no longer could we do-it-yourselfers" drain our radiators to refresh with new coolant. It always dismayed me that when it came to meeting your cost reduction targets, the customer wasn't considered. The engineers knew better.

Complexity. General Motors was never good at designing complex systems, and to this day, they still lag. The reason: they are too thrifty in the development process, and beat-up on their vendors for cost reduction to the extent that they sacrifice reliability. If General Motors built a car with the complexity of a Toyota Prius, it would fail miserably due to a hundred nagging little problems. And some big ones!

This reliability problem is exacerbated by GM's insistence on annual cost reductions in prices from their suppliers. Their initial bids are so skinny in the first place to get the business that any further mandated reductions have to come from reducing quality. Thus the cheap bulbs in the lamp assemblies such that

GM cars have only one working DRL.

Recall the 1966 Oldsmobile Toronado. This was a complex car, a radical departure from regular production cars with its all-new exclusive front wheel drive chassis. The car was absolutely trouble-free, right out of the chute! Why? Because it was essentially over-built, developed without the later cost constraints that bugged every new car program. Yes, after introduction there were cost reduction efforts, but they were driven by Oldsmobile Engineering/management, not by corporate mandate. And they were logical and common sense driven in a timely manner.

Even simple items like power rear view mirrors, power door locks, fuel door release, and so on, fail prematurely on GM cars relative to the foreign competition. Covers fall off of visor vanity mirrors, air conditioning outlets routinely fail as the louvers break,

The carryover carlines at General Motors are essentially increasingly relegated to fleet usage as they age, as the corporate mandate is no changes to the carryover car lines except cost reduction. Thus, each successive model year, the car becomes more austere and less attractive to the retail customer. But more attractive to the fleet (daily rental) customer as GM has to pile on the incentives to encourage the fleets to add them to their fleets. The current eight year old Impala is selling over 75% to fleet. What does this tell you about Chevrolet's customer base for their once best-selling car?

It's Still All About Product:

That is, from top management. This is beginning in the car development phase right on down to activities on the assembly line.

While there has been a sea change in the automobile industry, one fact remains constant: it's still all about product! For instance the all-new 1990 (?) Dodge Ram

pickups with their bold styling. Prior to this redesign, the pickup truck market was dominated by GM and Ford, with Dodge a far distant “also ran”. The new Ram pickup changed all of that, and to this day, Ram is a major player in the pickup market.

Chrysler Introduces the Minivan:

Consider the Chrysler minivans. These created a whole new class of vehicles that is still responsible for major volumes today. Although General Motors had a minivan in their product lineup for the 1980 “X” cars, for some reason it was dropped from the “X” car Product Program. Whether for manufacturing volume reasons, engineering resources, or whatever, I do not know. But I do recall seeing pictures and it was very similar to what Chrysler introduced.

I am convinced that had General Motors been first with the introduction of what we call the minivan, it would have been a flop. Like the Oldsmobile diesel, it would have turned the public against this new thing called a minivan. Why? Because GM would have made them “on the cheap”, and they would have totally turned the market against those awful noisy, underpowered, cheaply upholstered or minimally upholstered little vans!

One thing the minivan did for Chrysler was to make their franchise more valuable. Since my boyhood, I have always observed that the Chrysler Corporation dealerships in the small towns (and likely some larger towns) were always relegated to the side streets, and were not as nice as the GM and Ford dealerships out there on Main Street.

Well, during the normal and continuing consolidation of dealerships due to retirements, sell outs, and so on, the little Chrysler Corporation dealerships were now attractive to the local GM and Ford dealers, as they wanted to have the highly desirable Chrysler minivans. And later the Dodge Ram pickups. The net result was that the Chrysler dealerships were now brought out to Main Street, and to this day notice that Chrysler Corporation dealerships are on a par with the competition. And this was all brought about because of desirable products. More than ever, it is still all about product!

Chrysler more or less invented the minivan market, and since, they have paid attention to their products. To this day, Chrysler still “owns” the minivan market. General Motors, on the other hand, not only neglected their minivans, they never really had their heart in this market. The same can be said for Ford.

General Motors minivans are another story, as everyone knows; GM was never competitive in this market. Makes you wonder why a corporation the size of GM just could not get into this market with a competitive product. Does it go back to their loss of their car culture?

What happened to General Motors and the medium truck market? Has GM lost the thrill of the game?

Check out the gold Chevrolet emblems on Chevrolet products. They are all becoming tarnished and awful looking. No doubt because of pressure on the vendor/supplier to reduce the price to GM by 5 – 7 % each year. So what does he do? Use a bit less adhesive, a smidgeon cheaper material for the gold emblem, moisture creeps in due to less sealing, and so on. The only good thing here is that after a while, these awful looking things fall off!

Notice also that there are no "Chevrolet" nameplates on their products. A new marketing strategy? No, a savings of around $1 per car.

No nameplates reminds me of the Oldsmobile Aurora. This car was to signify the rebirth of Oldsmobile, to give the buying public confidence that Oldsmobile was alive and well. Nowhere on the car did it say "Oldsmobile"! Well, it did say "Oldsmobile" on the radio, but I was to learn that this was a mistake on the part of Delco. Question to the Marketing people; how was the Aurora to be the halo car for Oldsmobile, when it was purposely not identified as an Oldsmobile? Was Aurora to be a new brand, replacing Oldsmobile?

More on nameplates. The nameplates on foreign cars usually look classy and expensive. The nameplates on GM cars look like a product from the "low cost producer".

The Value of a Name:

Regarding the Marketing people, it always amazed me when they would tell us the value of a well-established name plate. But then GM was continually abandoning well-established nameplates in favor of new unknowns that they had to spend many millions of dollars to establish name recognition in the marketplace.

Then it occurred to me that this was necessary as they were continually "trashing" established nameplates with their stringent cost cutting, or cheapening of their products, especially as they aged. Hence, from Cavalier, to Cobalt, to Cruze, to …

The Chevrolet Lumina was a very nice, competent car. I owned three. But the last generation went a full seven years with no changes, except cost reduction. Then it was dropped as the Marketing guys noted its continually falling volumes. May as well drop it! Volumes are too low. Duh! There went another customer base.

Chevrolet Corsica and Beretta were introduced with much fanfare and promise, expensive brochures and advertising to establish a place in the market. Then came years of cost reduction and neglect, and eventual discontinuing. Regarding a customer base, how smart was that?

Oldsmobile Omega, Achieva, Allero, … nothing! These are just a few examples that quickly come to mind. There are others.

The Chevette:

Chevette: A good example of GM's addiction to unrelenting cost cutting (with more of an objective of earning executive praise than customer result) is the Chevrolet Chevette. I like to compare the Chevette to Volkswagen's original Beetle.

The Chevette was basically a very good car, with a proven chassis and powertrain. All of the Chevette owners I knew were very satisfied with their cars. Even though the Chevette was an early 80's car, it was the victim of GM's cost cutting. Each year the Chevette got cheaper and cheaper. I compare the Chevette to the VW Beetle that was improved each year. VW obviously paid attention to their cars, and if there were any shortcomings, they were improved upon for the next model year. The public came to expect evolutionary changes to the Beetle each model year, all intended to improve the product. This was the strategy of GM prior to the costly UAW contract of 1970-71.

By contrast, the Chevette became cheaper each successive model year. This strategy eventually included each and every GM vehicle, but the Chevette was the first victim of this strategy. This was likely because of the tremendous cost pressures GM faced as it tried to market a low-priced car against Asian competition. Remember the Chevette Scooter? How could any sane person have approved such a product? Good grief, not even a glove box door!

As I said, the Chevette was a good car. Think of the loyal following Chevrolet would have nurtured had they followed VW's path of making the car better every year. I remember seeing few year old Chevettes with the carpet hanging down from the underbody due to the thin passenger side front floor panels rusting out.

Quality trickles down from the top.

The case of the disappearing body side moldings:

Another "quick and dirty" way to save product dollars immediately is to start deleting body side moldings. This was, and is, especially prevalent on pickup trucks.

Body side moldings on pickups, Chevy, Ford, and Dodge, traditionally covered the entire vehicle side, from front bumper to rear bumper. Then, as you watch a vehicle progress through the model years, the moldings get fewer and fewer, and cheaper and cheaper.

The usual routine is that first the bright trim is eliminated from the moldings, then the section behind the rear wheel opening (and sometimes the front wheel opening) is deleted, then the section on the front fender is deleted, then the section on the pickup box is deleted, then the small section on the rear quarter of the cab is deleted, …

For the awful net result, take a look at today's GM regular cab pickup. The body side molding consists of merely a section on the door. This looks so bad that whenever I

see one of these trucks, I wonder if Design Staff had a chance to weigh-in on the decision to have the body side molding on the door only. Other models do not look much better, as the discontinuance of the moldings on the pickup box makes the box look as if it is an aftermarket add-on, not originally intended to be a part of the vehicle.

The last generation Pontiac Grand Prix is another oddity, as the body side moldings end abruptly on the front door, with nothing on the front fender. The door molding isn't even tapered or narrowed to give the eye the "heads up" that the molding is concluding. This was an obvious last minute cost reduction decision. Am I the only one who thinks it made the car look dumb? It saved the cost of the fender molding plus made it easier for the Final Assembly people as the door alignment to front fender wasn't so critical. Also, notice on these Grand Prix that the body side molding is too high on the body. I understand this is the result of a late Bob Lutz decision to remove the traditional Pontiac cladding from the side of the car.

For years, body side cladding was a Pontiac characteristic. During development of the last generation Grand Prix, this car too had Pontiac's signature body side cladding. Bob Lutz thought it too expensive, and late in the development cycle, he had it removed. But it was too late to lower the body side molding to compensate for no cladding, so there it stayed, too high on the body.

A body side molding incident I remember well involved the 1982 Buick LeSabre and Lloyd Reuss. Seems that under Don McPherson, and during the recession in the very early 1980's we had deleted the body side molding from the rear quarter of the 1981 LeSabre. To me, this made the car look "unfinished", but apparently this did not matter to Buick's senior management as they approved this deletion (as well as many other items during this particular cost reduction program).

Fast forward to the development of the 1982 LeSabre. I put together a project when I was in Product Planning to enhance the LeSabre. This included restoring the body side molding on the rear quarter, along with other additions. By then, Lloyd Reuss had returned to Buick as our General Manager. During my presentation to senior management, when I got to adding back the body side molding, I vividly recall Lloyd asking "When did we delete that molding?". I responded "… during a 1981 cost reduction program". His response "Aw man, we gotta stop doing things like that."

That response typified Lloyd Reuss' view on our products. He was a product guy through and through. As I mentioned earlier, when the Board of Directors rid the corporation of Bob Stempel and Lloyd Reuss, that is the point at which the corporation began its downward spiral in earnest. We were entering a phase in the industry when "product" really mattered, and GM was then saddled with a management that didn't have a clue about cars. A disastrous coincidence!

Elimination of the Car Divisions:

As Bob Lutz noted, GM had a stable full of mediocre products. And never underestimate the public, as over the years, they see this lack of interest on the part of the manufacturer in their products. Sure, some customers are oblivious, but by and large, the public is pretty much car savvy.

Another reason for GM's mediocre products was the elimination of the car divisions and their divisional engineering departments. Unfortunately, this happened coincident with the advent of the non-car guys to the top of GM's management structure.

As I mentioned, divisional General Managers were powerful people, and exerted much influence on the rank and file. This was an especially good thing especially if the person was a car guy, or at least had a bit of car savvy. During my days in Buick Product Planning, I would attend many "coordination meetings" during the development of the "X" and "J" cars, as the divisions "coordinated" on product decisions and so on.

The thing I noticed was that the folks from Pontiac knew what a Pontiac wanted to be, the folks from Chevrolet and Oldsmobile knew what their products wanted to be. And of course I knew, from product meetings at Buick, what my management wanted for Buick. There was no doubt in my mind that my Product Planning management wanted Buick to be a "premium" product. Further, the whole Engineering Organization knew what a Buick should be! The same was true for the other divisions.

The dissolution of the divisional engineering departments could not have happened at a worse time. With GM's then non-car guy corporate management, the GM car brands lost their identity. One engineering department, one car! There was no longer an influential spokesperson to "defend" a brand and carry on traditional identity. Further, with GM's need to save money in this timeframe, seems no one had the "balls" to defend divisional identity, as it cost money! Remember, being a "team player" still prevailed.

I noticed this during cost reduction programs during the late 1990's. When the corporation financial guys would push specific cost reduction items, Oldsmobile seemed passive, and would pretty much go along with anything. Maybe this was because they knew the end was near, so why fight? Pontiac, on the other hand, was the division that resisted most. Pontiac's slogan "We build excitement" really had some merit, and there was still a bit of spark in the Pontiac folks. Buick and Chevrolet landed somewhere in between Olds' passivity and Pontiac's resistance. The net result was that in a short period of time, the GM brands lost the identifiers that the public knew so well and had come to trust.

Regarding General Managers, I have often pondered that Oldsmobile's demise was likely hastened by the fact that during their last few years, they had too many General Managers. As I mentioned, each time Buick got a new General Manager, we changed

direction a bit product-wise. From Don McPherson's stinginess, to Reuss' contagious enthusiasm for the product, to Don Hackworth's deferring to the Sales Department for product decisions, and so on. Perhaps some of my fellow Buick people did not notice these transitions, but my interest was always intense and I was aware! Back to Oldsmobile, they floundered during their last few years. From John Rock, who really cared, to other more "passive" leaders who did not seem to be able to really grasp "Oldsmobile"! I witnessed this as an Oldsmobile dealer and it was confirmed in my days back at General Motors as a contract employee.

The Buick Reatta:

Here's another incident to illustrate General Manager influence. During Don McPherson's reign at Buick, we started the initial phases of developing the Buick Reatta, as Buick Product Planning thought it would be a good product decision if Buick had a two-seat "personal" car. So began the Reatta.

In the early stages, a version of the Pontiac Fiero was the top candidate as the base car, with an upscale Buick version. But this proved troublesome, as soon after Fiero introduction, Pontiac was selling all they could build and refused to consider giving Buick a version. This was during the initial Fiero model year when they still had their halo. During Fiero's initial sales period, they were selling so well that employee purchases were not allowed, as all cars went to the dealers for retail sale!

Lloyd Reuss had just returned to Buick as our General Manager, and my supervisor was giving a Reatta presentation to senior management at one of our Planning Meetings. The presentation involved Buick getting a version of the Pontiac Fiero as our two-seater. About a fourth of the way through the presentation, Lloyd let the group know his disdain for the Fiero. It went something pretty close to "I can't believe this Corporation would approve a product like that …" I felt uneasy for my supervisor who had to continue with his presentation, when Lloyd so emphatically had just "… rained on his parade".

So that ended any consideration of a version of the Fiero for Buick. Shortly after, Reuss' assessment of the Fiero proved to be very accurate. He was a car guy!

By the way, during Buick's presentations to the Corporation's Product Policy Group, Roger Smith liked the idea of a two-seater, but thought that Cadillac should have it first. Thus, the Cadillac Allante. Roger Smith also thought it should have an Italian flair. Thus the Pininfarina Design involvement. Flair?

Buick was told to come back later.

Buick LaCrosse:

The original (first generation) Buick LaCrosse is reported to be one of Lutz's first projects after he returned to GM. As legend has it, he held up the car while it was

redesigned to suit his vision of what it should be. Well, one negative is the rear styling of the car. Apparently, in its pre-Lutz form it had the signature Buick cross-car rear lamps. Lutz not only deleted these, but made the pronouncement that “no more rear lamps in the deck lid”, as these were too expensive. The net result was a LaCrosse with a boring rear end, cheap looking, no ornamentation, and reminiscent of the Plymouth/Dodge Neon look.

The same can be said for the last generation Pontiac Grand Prix, which I mentioned earlier. As I heard it, the car was to have the traditional Pontiac cladding on the sides. Lutz removed these for a huge cost savings, as Pontiac’s cladding, as you can imagine, was very expensive. This too was done “late in the game”, as the result was a car with the body side moldings too high, as it was too late to lower the moldings to compensate for the absence of the cladding. Whenever I see one of these cars, reminds me of an old man with his pants too high! This is also the car where the body side moldings simply end at the front door, with no continuity onto the front fenders. An unfinished look.

But apparently, I must be one of few people these idiosyncrasies bothered, as sales of this Grand Prix went pretty well and to this day, their resale value remains high.

Have to mention the Buick Lucerne, another car designed “on the cheap”. Too much hard plastic on the instrument panel, and absolutely no ornamentation on the rear of the car, except for a Buick Tri-Shield. Later, a deck lid lower molding was added, apparently recognizing the cheap look of the car.

What happened?

I have often pondered General Motors heydays when they couldn’t help but make obscene amounts of money, in spite of their huge bureaucracies. I had heard that at one point an economist made the remark that General Motors made so much money because of their size. Another responded that “… General Motors made so much money in spite of their size”, or something to that effect.

I agree with the latter remark. Think about it. Each car division, and each component division, was a company unto themselves, with each having their own Administrative Offices, Engineering, Purchasing, Personnel, Manufacturing Staff, Sales and Marketing, Plant Engineering, Plant Layout, Legal Staff, even Medical Departments, and so on. Not to mention each division having to deal with local unions and local union contracts. Some of the component divisions had multiple unions to satisfy.

Add to this the huge Corporate Staffs, the Proving Grounds, Research and Development, Detroit and New York corporate facilities, the General Motors Technical Center, and on and on.

Further, component pricing between divisions was pretty lucrative throughout this era, with, I suspect, little corporate scrutiny as long as everybody, including the corporation, was showing a nice profit.

The “salad days”, so to speak, continued from the 50’s and 60’s, when General Motors commanded 50% of the market, into the 70’s. Then toward the end of the decade of the 70’s, something happened. I recall a discussion between senior Buick management during the early 80’s; it must have been during the recession of 1981 – 82 timeframe, that General Motors almost missed an hourly payroll because of a shortage of cash! What happened to bring the huge profits to an end?

Obviously, the profit margin per car was no longer adequate to support the huge corporate structures. Why, what happened?

Let me interject here that during the 60’s and 70’s, General Motors annually gave suppliers an increase in their prices to GM. Usually in the 1% to 5% range, depending on various factors. Contrast that with today’s constant beating up on their suppliers for never ending cost reductions!

Was this downhill slide precipitated by unsustainable union contracts and labor costs (wages, benefits, health care, onerous work rules, taxes, etc.), not just for the hourly personnel, but also the salaried staff; did the bureaucracies grow too large during the good years, and was management too slow in downsizing as GM’s market share declined?

Then there is the huge impact of foreign competition with excellent products and low prices.

The advent of the Department of Transportation (DOT), the National Highway Traffic Transportation Agency (NHTSA), Federal Motor Vehicle Safety Standards (FMVSS), and the Environmental Protection Agency (EPA) together completely changed the “normal” way of doing business and developing new products. To say that this was a shock to the industry would be a severe understatement!

I recall the first impact of NHTSA on the industry was for the 1966 model year, and it was rather modest. Their new rulemaking consisted of the mandate to add a few “safety” equipment items as standard equipment: a LH outside rearview mirror (by this time, the LH mirror was pretty much standard across the industry), back-up lamps, and a padded instrument panel. Since these items were already on the options list, adding them as standard equipment had little impact, except on pricing. However, this initial rulemaking was late (too close to new model start of production), so there exist some early long-lead brochures showing cars without these items.

Speaking of pricing, I have heard (but never verified) that from the 1959 model year, through the 1965 model year, the auto industry pretty much kept pricing the same, with no increases. Then came the impact of the ever more intrusive new federal agencies.

Look where we are at today regarding regulation. Now even rear view cameras are mandatory!

From this modest beginning in 1966, the impact of government regulations snowballed to unimaginable heights. The result was thousands of new employees involved in meeting an ever increasing number of regulations affecting the product. Layers of management were added to coordinate and supervise these thousands of new employees involved in research and development activities to meet emission regulations, safety regulations, verification and validation, and so on. Not only at the divisional levels, but also on the corporate level.

The buying public still has absolutely no idea of the costly impact of government regulation. They only see the end result on the product, and remain unaware of the billions of dollars spent in the development of their new car.

Even today, the newspapers and Automotive News report that the auto industry is going to spend billions of dollars to meet the Obama Administration's strict new fuel economy regulations. It amazes me the shallowness of these statements coming from such sophisticated publications. The auto industry isn't going to spend one penny to meet these regulations. It is the customers, the buyers of their products who are going to spend these billions of dollars! There is no magic, it's all in the price of the product!

The impact of these regulations has no doubt had an effect on the usual industry model change cycle. For many years, General Motors was on a six year model change cycle: a new car was introduced, the second and third years in the model cycle were usually only "ornamentation" or "minor" change, the fourth year was a "major", and the fifth and sixth years were again only "ornamentation" or "minor" change years.

Not only was the model change cycle lengthened, but model year styling changes grew minimal, as the cost of meeting federal regulations preceded any styling changes. Thus, we had cars such as the Chevrolet Lumina, as only one of many examples, going a full seven model years with no changes except cost reduction. But this is a misstatement, as there were many "invisible" changes to meeting government safety and emission regulations. All of these very expensive to comply. So we can conclude that the impact of ever increasing government regulations did indeed have a huge impact on the styling of our cars, but also to the frequency of the annual model change and its depth.

This undoubtedly affected how often the customer purchased a new car simply because of the styling of the new model. New styling was a reason for many new car purchases. Absent this, people now keep their cars longer, and this brings us back to my original question of "what happened" to the industry's profits.

I recall a GM retiree a few years ago relating how he and his wife went to a Buick dealer to replace their Regal with a new one. The wife remarked that the new ones looked the same as what they were driving, so they went home without a new car!

With the usual pattern of the so-called “planned obsolescence” gone, the huge impact of government regulations, unsustainable labor contracts, and even changing culture, the auto industry faced an obstacle course that required a wise and perceptive management team.

This was hardly in GM’s future, as they stumbled through the ensuing decades with one reorganization after another, each promising a “new beginning” for the corporation. Throughout all of this turmoil, the product suffered into mediocrity, as Mr. Lutz observed, as the corporation’s management focused on other pressing issues that could not be ignored

We can leave the question of “What happened?” to the reader’s imagination, as there are many diverse answers. All of them likely true to some extent.

Quality trickles down from the Top:

In the dedication statement in Bob Lutz’s book, he mentions “The problems, mostly, were not your fault!”. This brings to mind what I developed from my observations as a “truth”, and that is that quality trickles down from the top.

In Mr. Lutz’s statement, he uses the word “mostly”. Yes, there were many diverse factors contributing to the languishing of the American auto industry.

The General Motors “Look Alike” Cars:

I recall that during the recession of 1980 – 81, in that timeframe, the 1982 ‘J’ cars and the 1982 ‘A’ cars were being developed. As I mentioned earlier, GM almost ran out of cash. This resulted in Corporation management touring the divisional Design Studios and mandating sharing of body panels in order to save tooling money. This meant sharing hoods, deck lids, quarter panels and so on. Thus, the “look alike” ‘J’ cars and the ‘A’ body cars featured on the cover of Fortune magazine. These were an economic necessity!

On Buick’s ‘J’ car, the Skyhawk, we had to share an instrument panel with the Oldsmobile Firenza. Unfortunately, it was Oldsmobile’s instrument panel we had to use. It was cheap looking and not up to Buick’s traditional instrument panel design standards for either structure or quality appearance. “Cheap” is the likely reason the Corporate guys picked the Olds panel over the Buick designed panel.

The Annual Model Change:

The much maligned annual model change was actually a good thing. It not only inspired new vehicle purchases, but employed many people involved in making the parts for the refreshed models.

I recall all of the tool and die shops in the SE Michigan area always at full employment and working many hours to meet new model deadlines. So, yes, annual model changes were somewhat expensive, but well worth the added income from a robust industry and easily paid for by the added volume they enabled and contributed to the nation's economy.

Further, annual model changes involved more than just the noticeable appearance changes. This was also an opportunity to upgrade and improve the product, remedy product shortcomings, and so on.

The annual model change became a thing of the past, as did the profits it generated and the good paying jobs in all the tool and die shops that were kept busy.

The old "exciting" annual model changes have been replaced by the need to comply with ever restrictive government mandates. These have had the unintended consequence of making the automobile more of an appliance, rather than a cherished freedom machine. Or maybe it was an intended consequence by those who have their elitist designs for American society.

I have two interesting little booklets: "The Importance of the Model Change", by Frederick G. Donner (October 31, 1960) and "Your Car – The Most Modern Tool For Modern Living" by James C. Zeder (December 11, 1952) that reveal much about the guiding philosophy of the American auto industry in that timeframe.

It was a good industry with good intentions, and it served America well.

MORE RANDOM THOUGHTS

ABS Brakes:

I recall being present in a Buick Planning Meeting with Buick senior management. The topic being the all-new 1985 Front Wheel Drive Electra and Park Avenue.

ABS brakes were ready to be introduced on this car. After some discussion, Lloyd Reuss, then Buick's General Manager, remarked "Let's let Mercedes go first with these". The reason being potential litigation!

As it turned out, there was some difficulty with ABS brakes and the public. Some education was necessary for this important new safety feature. In fact, Chevrolet made a video to be shown to the Michigan State Police, as they were experiencing some misgivings with their patrol cars equipped with anti-lock brakes.

I believe the problem was when the driver felt the brake pedal vibrating (modulating) they released the pedal. Wrong thing to do! Keep pressing the pedal and let the brake system do what it is designed to do.

A Visit from GM's Comptroller:

I thought it rather humorous when our building at Oldsmobile was paid a brief visit from GM's Comptroller. I recall it was Archie Long. Product Cost Estimating was located on the second floor, above the Tool Room. This floor was also occupied by Plant Engineering, Plant Layout, Methods Engineering, and Production Engineering. A beautiful, very detailed scale model of the entire Oldsmobile operation was also located in this building.

The scaled layout of the entire Oldsmobile operation I believe was the reason for the GM Comptroller's visit. Anyway, for two weeks prior to his visit, the janitors worked overtime cleaning every nook and cranny of the building. Everything had to be pristine!

The humorous part, at least to me, was that Mr. Long must have spent all of ten minutes in the building, strolled down the aisle in his blue pin stripe suit dutifully followed by six or seven of his minions, all clad in exactly the same blue pin striped suits. Was this the GM uniform for the team players? I guess if you wanted to stay on your career path, part of the deal was you dressed appropriately.

The Escalating Cost of New Vehicles:

The cost of new vehicles today is escalating dramatically. While I have discussed the huge impact of government regulations, it should be mentioned that "choice" also as a huge impact.

The amazing choice of vehicles today has a price tag! It is amazingly expensive to develop a new vehicle. With today's number of vehicle designs and configurations , this huge investment is being spread over much smaller volumes than in the past.

Recall that back in 1955 for instance, a banner year, each brand had only one or two car "sizes". Chevrolets and Pontiac were all very high volume 'B' bodies. Buick, Olds, and Cadillac shared high volume 'B' and 'C' bodies. Compare that with today's proliferation of models, all at dramatically lower volumes with which to amortize tooling and development costs which, by the way, are astoundingly higher than in the past (impact of EPA, DOT, NHTSA, IIHS, regulations).

Nothing has changed …

In a recent Letter to the Editor in Automotive News (January 2, 2017), the writer expresses his disappointment with his recently purchased 2017 Cadillac.

As the writer states, "… my car lacks a feature that's clearly listed on the Cadillac website as among those standard for my model, a locking fuel filler door."

Further, the writer states that nowhere did he see the usual disclaimer “GM reserves the right to make changes at any time, without notice, in prices, colors, materials, equipment, specifications, and models, and also to discontinue models.”

This scenario tells me that General Motors is continuing their practice of going into a product cost reduction program shortly after a new model is introduced. During my years at GM, usually a few months after new model introduction, the Financial people would initiate a “Deep Dive”, “Cost Carnival”, “Thrifting Session”, or whatever, to take money out of the product. Since the objective is to show the cost savings in the current fiscal year, this time frame can only mean eliminating features and content. Something that can be done immediately to the current product!

Thus the purchaser of this 2017 Cadillac was deprived of his locking fuel filler door as the Engineering people strived to meet their cost reduction target. I have stated earlier the importance in meeting cost reduction targets as regards career advancement.

So, apparently nothing has changed at General Motors Company.

By the way, Financial Department initiated cost reductions are also mandated on carryover products as the age. As the desirability of these products wanes with age, and their volumes drop, the sensible thing to do, or so it is thought, is to reduce their cost. Back in the 50’s and 60’s, conventional wisdom was to enhance the product as it aged, for obvious reasons. I suspect this major change in strategy is related to the domestic industry’s loss of their car culture.

As noted earlier, in the 90’s, corporate direction was for no changes to the carryover carlines except cost reduction. Excepting, of course, government mandate changes.

Back to the letter, the writer notes that “My local dealer, Waldorf Cadillac, promises to make every effort to work with Cadillac to resolve this discrepancy.”

Well, we know that adding a locking fuel filler door to this customer’s car is a virtual impossibility; the resolution will likely be to add the above mentioned disclaimer to Cadillac’s website!

A Final Thought for Now:

While much of my “reminiscence” is about cost reduction, in the event I haven’t mentioned it, safety items were never candidates for cost reduction. If an item or feature represented “safety”, it was off limits for cost reduction. GM was always, during my tenure, very safety conscious. If an item was suggested for cost reduction, if there was even a hint of safety implications, it was “off the table” for discussion.