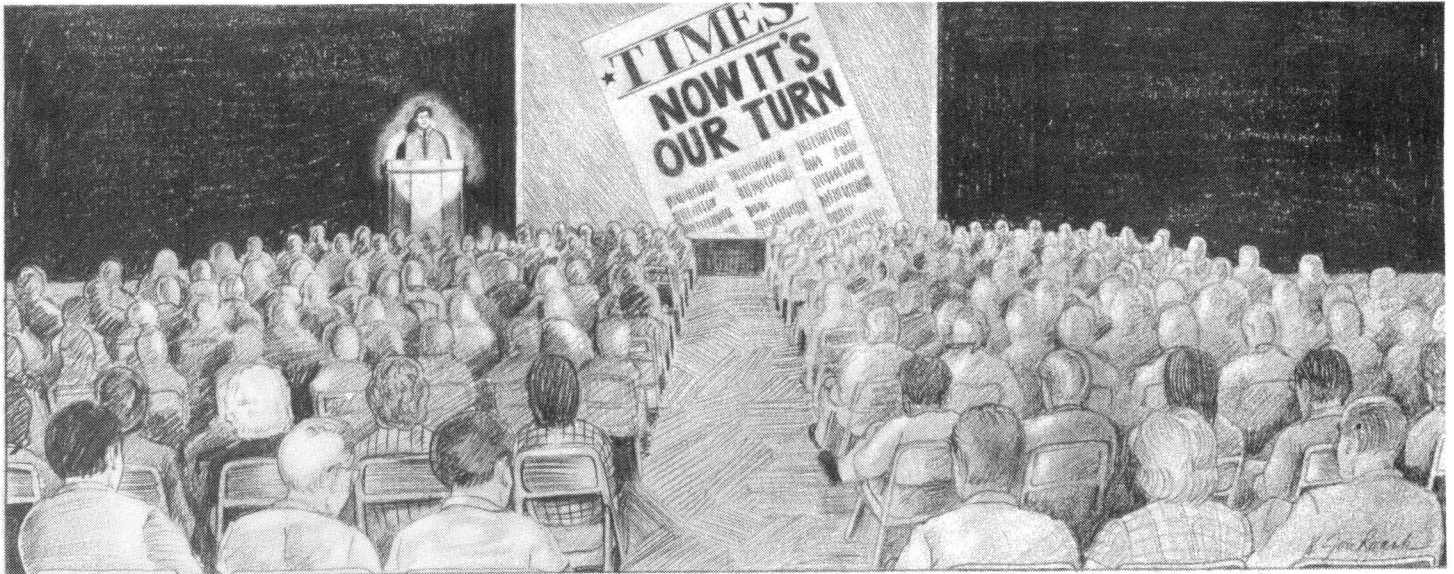


GE NEWS

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STATE OF THE BUSINESS 1987

'Now it's our turn!' says Jim McNernery

"As I think about where MCB is going, I see the headline: 'Now it's our turn!' — our turn to aggressively compete in the marketplace without constantly putting out fires."

With these words General Manager Jim McNernery opened MCB's 1987 all-employee State of the Business meeting on March 30.

All Lynchburg GE employees — second shift as well as first — attended one meeting and appreciation is expressed to Liberty University for allowing GE to use its Multi-Purpose building there. Transportation, provided by Thomas Road Baptist Church, added to the comfort and convenience of attendees by minimizing exposure to the inclement weather on the day of the meeting.

"It's our turn to win back the respect our efforts deserve," Jim added, "Our turn to prove that we can deliver a healthy profit over a long period of time. But it won't come without continuing to pay the price . . . the price of having a smaller work force and cutting costs to improve productivity . . . the price of long days and working weekends to meet accelerated new product introductions . . . the price of putting out 110% effort, all the time — no letting up."

"In today's more competitive world, the price has to be paid every year. U.S. manufacturing companies can't rest on their laurels."

Reviewing 1986 results, Jim said that despite the fact that the business didn't grow in orders or sales, restructuring efforts paid off handsomely, and that —

overall — we improved our quality and customer service. He also noted that several new products were introduced and that the business accomplished solid cost improvements in most major product lines.

"All in all, we had a good year in 1986," said Jim, "but the numbers don't tell the whole story . . . They never do. Because we're having the wrong dialogue if we think we're out of the woods yet."

"As I tell my staff, we're about one-third of the way to a stable prosperous business. We've cut costs. We're beginning to meet quality standards. We've gotten some badly needed help from outside vendors."

"And most importantly, we recognize that MCB is operating in a global *(See 'Now it's our turn!' . . . Page 2)*

**BIG WINSHARE FAIR COMING...FLORENCE, APRIL 23...LYNCHBURG, MAY 1
—ASK YOUR WINSHARE TEAM LEADER FOR DETAILS—**

'our turn!'

(Continued from Page 1)

marketplace. You can judge for yourself the kind of global challenge MCB is facing — the kind of war we're in."

At this point, employees saw an informative slide show about MCB's competitors — including Motorola, E. F. Johnson, Midland, and dozens more who fit in the "all others" category.

Following the slide show, Jim noted that the good news is that the mobile communications industry as a whole is growing in both dollars and units. He then outlined our strategies to grow the business:

- Deliver cost-competitive products that meet market requirements,
- Meet the quality standards that are set in the marketplace,
- Participate in markets where we can win,
- Seek the help of others when their strengths are complementary, and
- Make a good profit, so we can invest in the future.

"How are we executing these strategies in 1987? The best scorecard I can give you is an update on MCB's ten key objectives.

"Number 1 — Continue to upgrade the quality of our products." Jim described how one group of dedicated MCB employees tackled a quality problem that could have been a disaster and turned into a positive win:

"A problem turned up with the Carfone and we were in immediate danger of losing a million dollar customer — ARA Manufacturing Company — while also facing the prospect of a show-stopper in our entire cellular business. A handful of seasoned engineers joined forces with the manufacturing folks to fix the problem.

"Starting on Wednesday, February 25, and working around the clock, a promising solution was found in less than two days. Within hours, a team of engineers was on a plane to Dallas to see if the Carfones worked. Success! The problem was fixed.

"When the team got back to Lynchburg on Sunday, they found another problem. It was back to the drawing board where the second problem was fixed in only five days. In addition to a super engineering effort, the production employees should be congratulated for their extra efforts in working late on Friday night and also coming in on Saturday to rework the Carfones the customer needed.

"During this entire episode, the



Employees didn't let a little rain dampen their spirits.

Soft drinks and coffee were served to more than 1800 MCB employees who attended the Annual State of the Business meeting on March 30.



customer saw a company whose employees were greatly concerned about quality, a company that was responsive, a company that insisted on making things right. Obviously, it would have been better to avoid the problem in the first place, but when things get rough, this is exactly the kind of cross-functional teamwork and dedication that will make us winners."

Referring to the second key objective — Achieve 1987 product introduction goals — Jim said: "Put into place almost two years ago, the new product plan has filled voids in our market basket and is continually upgrading old offerings.

"Demanding customers and tough competitors are driving the need to get the new products out as quickly as possible; therefore, a number of these products are being sourced. We need good working relationships with vendors in order to be competitive; their strengths will make us considerably stronger.

"Let me stress that we are on plan. While we may modify it from time to time, we're sticking to our new product commitments."

In reference to the third key objective for MCB — Achieve sustainable growth in voice guard, public service trunking and cellular — Jim said: "This is where the growth is in the marketplace, and MCB won't grow if we don't succeed here." He then mentioned several key

orders MCB has won in these areas.

"Achieve 7% improvement in delivery is the fourth objective. We got off to a slow start in January, but expect to catch up and meet the delivery goal by mid-year. And to help insure that this happens, a cross-functional product team was set up with manufacturing.

"Another action MCB is taking to improve delivery is to invest in PDP stock. In order to offset this additional cost, we have to keep our raw and in-process material levels down.

"The fifth objective is to become competitively superior in procurement program management. In today's worldwide marketplace, working with vendors and sourcing products is a fact of

"In today's worldwide marketplace, working with vendors and sourcing products is a fact of life."

life. There are companies that concentrate on specific products and are very good at it. Others make only specialized components and they are able to attain cost savings through high production volumes.

"We must make sure that we are performing as well, or better, than our competitors, who are also sourcing and buying products.

"Achieve \$24 million savings from productivity improvements is the next objective. Some of those savings will come if we get more sales; some from pure cost reductions. To stay competitive, it is critical to meet or exceed our cost reduction goals.

"Objective 7 — making Winshare a winner. No program is as important to our long-term competitiveness as Winshare. We simply can't meet our quality or cost goals without the ideas and action recommendations from all employees.

"A veteran manager once asked me if I knew how to improve the business. I said: 'Sure — I went to college — I learned a few things.' He quickly cut me off and said: 'Jim, if you want to help a manufacturing business succeed, there's two people who can do that — a customer and a production worker — ask them.'

"I've been asking several customers how MCB can better serve them. Now, through Winshare, I'm asking you how MCB can be more efficient. The Winshare program is your pipeline to managers and ultimately to me.

"Another critical impact of Winshare is the way it 'turns on' our dealers and customers. Their positive reactions are building equity in this business. And I'm confident that Winshare can build some equity in employees' pocketbooks as well. We're in the same boat when it comes to bonuses; both yours and mine are determined by how well the business does.

"Objective number 8 is: Become more effective in working through indirect distribution. MCB has several exciting new programs and promotions for 1987 to help our dealers and distributors sell more radios. We have a volume growth rebate program, a dealer demo program, and a promotion to reward dealers for their commitment to selling GE products. Also, MCB is participating in the larger industry trade shows and is advertising in leading communications journals and magazines.

"Grow and invest in the GE-Marc system is the next objective. From coast to coast, a team of MCB engineers has spent several weeks in the field talking to GE-Marc customers, observing the systems, and diagnosing problems to insure a trouble-free system.

"The last key goal for 1987 is: Achieve regulatory success for Digital Voice Guard. Jim Erikson, Ellen O'Hara, George Fath, and Craig Szczutkowski have made huge strides in getting the next generation of Voice Guard standards written in a way that makes the playing field level — so all companies have a chance to compete equally."

Jim also noted that MCB is part of a new group in GE this year — Communications and Services — and that, he said, is good: "We're a member of a

family of businesses that is focused on our world — the communications world."

In concluding, Jim thanked MCB employees for their attention, their cooperation, and their dedication.

"I don't know how to say it strong enough. There **are** great opportunities ahead for this business.

"Remember the headline — 'Now it's our turn.'"

"It's our turn to prove we can make it in this tough global marketplace.

"Our turn to prove that we can work together in small teams.

"Our turn to work together as one large business, focusing on the future.

"Our turn to show Motorola and the other competitors once again what we're made of.

"Thank you!"

IN YOUR OPINION . . . how informative was this year's State of the Business meeting?



NORMAN CHRISTEL, Project Manager:

"I thought McNerney's speech was very positive and upbeat. It was a thorough and comprehensive state of the business review.

I now have a better feel for the challenge that confronts us. McNerney stressed that it will take effort and commitment on everybody's part to make the company work this year.

As far as direction in the business, I think we will become a major factor in voice guard systems, public safety trunking systems and the cellular market.

The competitive slide show was informative too."



LELIA WILSON, Assembler:

"I liked McNerney's speech. I think he touched on everything we needed to know about.

Where the business is going is a big question mark.

What I came away with was a satisfied and positive feeling about the business."



SADIE JENNINGS, Assembler:

"I thought the state of the business meeting was a letdown. I think the speech could have been put in the newspaper instead of wasting our time going to Liberty.

The competition slide show was interesting. It showed that we really have to work to stay in the race. We are really trying hard to do a good job, but it seems that we can't do enough."



PHIL TRIPP, Software Systems Engineer:

"I was not inspired by McNerney's speech. It was a standard state of the business review.

From what I can tell, GE is still trying to be a little Motorola—to be all things to all people. We haven't identified or attracted niche markets.

The competitive slide show was very informative. I was aware of the primary and secondary competitors, but I found the "all others" portion very interesting.

I was glad to hear Mr. McNerney say that he knew he hasn't been out on the factory floor and that he needs to go."

Salute to Service April 1987

5 years

Bruce Taman

10 years

Kenneth Roth
Bob Updegrave
Ron Uthus

20 years

Geneva Cantrell
Margaret Cash
Rex Cox
Joyce Jones
Louise Kennedy

25 years

Ray Adams
David Bryant
Harriette Cash
Billy Lawrence
Ray McGatha
Curtis Moore, Jr.
Carroll Payne
Elnora Stubbs
Jim Wewetzer

30 years

Ralph Hickman
Fred Waddell

"Dear Shirley"

QUESTION: What is the maximum dollar amount of unemployment compensation a person can get per week?

SHIRLEY: \$167.00 per week.

No employment opportunities this week.

GE NEWS

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MCB HAS A GRAND PRIZE WINNER IN 'QUEST' PROGRAM

George Fulcher wins 3-day VIP trip for two to EPCOT

No, your eyes aren't deceiving you. That really is a Mickey Mouse cap on George Fulcher's head.

Not exactly normal office attire for the Receivables Supervisor in Customer Financial Services, you're probably thinking. But George seems to have the approval of both Cost and Accounting Operations Manager Bob Davis (left) and MCB's new Finance Operation Manager, Jim Young.

George is one of five company-wide winners of the "Quest for the Best" lottery; the five names were drawn from some 300 eligible candidates. His prize: A three-day VIP trip for two to EPCOT.

The "Quest for the Best" program, aimed at reducing delinquencies, minimizing customer disputes, and optimizing innovative techniques, got under way two years ago. Here at MCB, it was headed up by Customer Accounts Supervisor Owen Stinnette.

Since that time MCB has had a total of 30 winners. Each winner received a "Quest" lucite pyramid encasing an Olympic runner, a Cross pen bearing the GE monogram, and a citation from Corporate Customer Financial Services Manager Paul H. Ode.

Customer Financial Services Manager Ron Cox notes that the program has enjoyed "good participation from various functions — not just Finance.

Ron adds that, while this marks the grand finale of the current two-year program, a new program has been launched: **"The Quest Continues."**

You'll be hearing more about this in the months to come.

