

Lynchburg GE NEWS

GENERAL ELECTRIC

RM. 1472, MOUNTAIN VIEW RD., LYNCHBURG, VA., 7511/7710

AN EQUAL OPPORTUNITY EMPLOYER

SPECIAL EDITION

MARCH 1982

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PROBLEMS FACING OUR BUSINESS

Walt talked about some of the factors which affected our business in 1981--interrupted sales growth, continuing cost increases, and a drop in profits:

"Mobile Communications has, between 1970 and 1981, recorded an average growth rate of some 11% per year," said Walt. "In 1981, we

were disappointed that the sales only grew some 3%. A number of economies were soft, both in the United States and around the world. We have some new emerging competitors, and, most importantly, we have some new low-cost radios coming on the market."

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Toby D'Ambola, Relations Manager, MCBD



ly by inflation...things we are largely all personally familiar with...fuel oil, interest rates, pay increases, etc."

Our earnings fell very substantially in 1981, according to Walt: "They were approximately one quarter of what the planned budget and the corporation had hoped for, and they interrupted a good track record that had been accumulating since before 1970."

OVER \$200 MILLION INVESTED IN MOBILE COMMUNICATIONS...

Walt said that General Electric has over \$200 million invested in the Mobile Communications business--in buildings, equipment, inventories, etc.

"It's a substantial investment, and one that unfortunately has been increasing rapidly during the past few years in the area of inventory.

"When you add together the disappointing earnings picture and increases in our investment, the sum is, that the business has become, this past year, less attractive to own.

"If any one of us individually owned a piece of it, we'd find that Mobile Communications was, in 1981, less interesting to own than a savings account, or U.S. Savings Bonds."

That's the reason, said Walt, that rumors and questions about the future of the business are somewhat gloomy, but, he said:

"My job...and our job together...is to recover this business and to make it worth owning again."

"EXECUTING THE BASICS AND MEETING COMMITMENTS ARE THE KEYS TO ... A FUTURE." --Ed Hood

Walt said his focus and perspective could, in many respects, be summarized by the quotation from GE Vice Chairman Ed Hood.

"When I prepare a speech like this," said Walt, "I very often try to think about what each one of us may take away from the discussion... I think there are some things that every one of us in this room can do that will help the business in some important ways in the next couple of months....

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THE ROLES: WHO DOES WHAT?

"The role of the Division management is to provide the strategic, the operating, and the product direction for the business," said Walt.

"That's my job, and that's the job of my staff. I believe I know how to do that, and I'm confident that my staff knows how to do that

with me."

Walt said that with improved systems we can work more effectively and productively:

"I'm not talking about working harder, you understand. I'm not talking about working longer hours. I'm talking about working smarter, more productively, more clever, utilizing systems wherever we can."

POSITIVE ATTITUDE NEEDED FOR CHANGE, INNOVATION, ACTION...

"I think it's important," said Walt, "for us to have a positive attitude about change, innovation and action, because we are going to have to make some changes in the business to bring about a recovery.

"There are a lot of problems and there are a lot of very good solutions that come from individuals in the business....Managers need to listen to those individuals as a source for solutions."

To the sales force, Walt asked each of them to assume a personal goal of 29% more orders in 1982 than in 1981. "I'm doing everything possible to underwrite and support their activity," he said.



To marketing, Walt underscored their special responsibility to provide product line plans which are responsive to the market need, that demonstrate our technical leadership, and are streamlined.

Engineering was charged with providing genuine technical leadership on cost effective designs which are producible.

THE INVENTORY PROBLEM

"Now there's a special need the business has right now that everyone in this room can have an influence on," said Walt, referring to the inventory planned for March 18 and 19.

"After the inventory, I want to ask each of you individually to keep that inventory flowing....I mean the little box over in the corner....up on the top shelf. If you know where it is, you can make a tremendous influence on our ability to control inventory, if you make sure it doesn't accumulate on the floor.

"If the foreman knows it's there...the material handler. Make sure the stock room knows it's there and the material gets back under control."

Walt said that some of our systems really are old-fashioned, and that we'll be seeing shifts from old systems to new systems.

"Each of you can make the old systems operate by using the systems, completing the vouchers, and frankly living with the shortcomings. Then, you're going to see some new systems coming on the line. We don't need skepticism; we need a positive attitude to bring the new systems on."

"QUALITY IS NOT ANY SINGLE THING, BUT AN AURA, AN ATMOSPHERE, AN OVERPOWERING FEELING THAT A COMPANY IS DOING EVERYTHING WITH EXCELLENCE..."

--Jack Welch

Walt said that there was one other subject that relates to every individual in the business--quality--and that this quote from GE Chairman Jack Welch indicated his feeling that quality should be a second nature.

"When we address the subject of quality we ordinarily ask the people who use our radios what they think of the quality, and we listen to their complaints or suggestions and we try to improve the design, or our systems or our services.

"Every individual in this business can do the same thing. Every one of us has a customer. They don't necessarily pay for radios but they see our work.

"It might be the foreman; it might be people on another shift; it might be people in shipping; or customer service....Anybody who sees our individual work product is our customer.

"If we're going to pursue excellence, let me suggest that you consider asking your individual customer what he thinks of your work.

"Listen to his thoughts and suggestions and improve. That may be an attitude, or it may be a way, to get closer to that goal of excellence."

Walt added that anyone who has the special opportunity to represent us to our customers--either face to face or on the telephone--has an opportunity to let the customer know that we care very much about quality and about their business: "It's an important and critical thing to do, especially right now."

WHAT'S THE OUTLOOK?

"I believe that Mobile Communications products save people time and money," said Walt. "Our customers are buying coordination and communication. We're selling



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