

June 6, 1996

MEMO TO: All Livonia Personnel

Over the past few weeks, the Livonia Engine Plant was again responsible for major disruptions to the Detroit-Hamtramck Assembly Plant. This, of course, comes at an unfortunate time when we are still recovering from the valve guide spill in April.

On May 24, Hamtramck shut down during both shifts due to a lack of engines. This production interruption cost them 360 lost vehicles. Our inability to satisfy their requirements was due to a shortage of cylinder blocks. During that week, the Block line suffered excessive downtime -- numerous operations that were down over multiple shifts. **These events highlighted how our production efforts continue to be plagued by excessive machine downtime.**

On May 31, Hamtramck began experiencing engines which were burning oil. These engines had piston rings which were installed upside down. As a result, over 150 cars were quarantined in their lot and engines will begin to be pulled this weekend. **Once again, a quality inspection that could have caught a defect, was not performed.**

If you look at our performance over the past few months, you will see that we have not done a very good job of satisfying our customer. In fact, the exact opposite has happened. Our customer, as well as people in the Powertrain and Cadillac organizations, are questioning Livonia's ability to produce, what should be, GM's highest-quality engine. Their expectation is that we build them flawlessly and that we meet our production schedule each day.

The Livonia Engine Plant has always been a very proud group of people. We were trusted many years ago to build engines for GM's most luxurious car line. We were trusted in the late 80's when the decision to close this plant was reversed. We were trusted with the task of building the world-famous Northstar engine. And we have been trusted to build a world-class V6 with the most technically advanced equipment in the world. After having been trusted by so many, it is disappointing to many of us that we are letting down our believers.

This is a time for all of us to re-commit ourselves to the Livonia Engine Plant. This must serve as a wake-up call to all of us that we must work each and every day to please our customer. **Past performance means nothing.** The customer that bought a Cadillac yesterday is not the **same** customer buying one today.

Once again we must get back to the basics of manufacturing. We must check parts according to the process control plan. We must strive to make schedule each and every day. And we must work diligently to eliminate machine downtime.

Every one of us has been a part of a winning organization. Each one of us knows what needs to be done. We must all commit ourselves to getting the job done. It cannot be someone else's job. It's our job, and we can do it. Continue to remain focused on our goal: customer enthusiasm.



R. Maley



DATE: JUNE 6, 1996

TO: ALL SALARIED EMPLOYEES

FROM: 
JACK ARMSTRONG
PLANT MANAGER

RE: ORGANIZATIONAL FOCUS

In recent weeks our organization has experienced major difficulties which have resulted in loss of production and quality, the most recent incident involving inverted piston rings. This lack of attention to detail **MUST** change.

In August of 1995, the Corporation strongly endorsed the reputation of Livonia Engine by naming our organization the future producer of the PV-6 engine. One of the reasons the NAO Strategy Board made this decision was because of our strong performance with the Northstar engine which was a direct result of the superb workmanship and professionalism of each and every employee in the facility. We proudly worked together to produce one of the finest engines in the world! We paid attention to detail!

As the leaders of this organization, we must realize that General Motors, the employees, and most importantly our customers rely on us to assure the finest quality product is provided when expected. We **must** concentrate on our objectives. Everyday we **must** ask ourselves these questions.

Safety. . .

What am I doing to ensure the safety of myself and my co-workers?

Quality. . .

What am I doing to ensure first time quality? Is error-proofing in place and working? Are my employees properly trained? Am I actively auditing the systems and processes? Am I contributing to elimination of assembly plant pulls and repairs? What systems can I put in place to improve quality levels?

Schedule. . .

What am I doing to ensure that the customer receives our products on time? Do I have the proper sense of urgency? Do I hold myself and others accountable? Do I strive to meet schedule every hour of every day?

Cost. . .

What am I doing to remove waste from the system? Am I contributing to reducing overtime, scrap and hours per engine?

People. . .

What am I doing to provide support to all the people in our organization to successfully complete their jobs?

We have no time to waste. We **must** focus. Our livelihood depends on our performance. The competition is rigorous. Let's pull together and show the customer that we will not fumble the ball. The talent, experience and expertise possessed by our employees are proven commodities, as demonstrated by our success in the past. I have every confidence that together the employees of Livonia can carry the ball **and** win the game! Let's not start tomorrow, let's start today.