

# Quality, service often disregarded in corporate circles

From Associated Press reports

**NEW YORK** — The two most commonly used words in business advertising probably are quality and service. In practice they might be among the most neglected.

This dichotomy still shows in surveys of American corporate practices, even though the consequences are well understood by management and labor, having caused them serious problems in the past.

Further evidence comes in an analysis of 105 responses to a survey of Fortune 500 companies by Organizational Dynamics Inc., a manage-

ment consulting and training company based in Burlington, Mass.

The survey found executives are virtually unanimous in their belief that responsibility for quality must be shared by everyone in the company. Almost all agreed that "everyone in the company affects customer satisfaction."

The questioning continues, leading to this finding:

In the typical company surveyed, just 23 percent of workers were involved in quality improvement activities. Only 17 percent of the respondents said their company

involves more than half of its employees.

The results underscore what many quality improvement specialists have been saying for years, that one of the major quality defects of American industry is the failure to follow through on corporate goals.

The problem isn't one of recognition. Almost every executive will explain that quality and service are foremost among corporate goals. Awareness probably has never been higher. The consequences of poor quality are known.

In fact, the current emphasis on

quality arises from the painful experience American industry had with poor quality during the 1960s, when U.S. companies began losing entire markets to the Japanese, who embraced quality.

Oddly, much of the quality control practiced by the Japanese emerged from the U.S. experience, and from Americans who had raised it to the level of a science, including W. Edwards Deming and Armand Feigenbaum.

Some major American corporations intentionally let quality deteriorate, contending it was more cost-

effective to allow flawed products to leave the factory, to be fixed later by service departments.

It didn't work, largely because after-sale service was likewise flawed. That is, the quality of service was as bad as the quality of the product, and customers quickly became aware of it.

Much of the subsequent recovery of U.S. industry, now showing up as a resurgence of manufacturing, productivity gains, improved trade statistics and healthier profits, is a consequence of efforts to improve quality and service.

## Legislators to face controversy over shareholder protection law

From Associated Press reports

**RALEIGH** — An examination of North Carolina's corporate laws has unleashed a controversy over how much those laws should protect corporate directors and whether revisions are needed in a 1987 law designed to protect shareholders.

The dispute pits advocates of corporate management against advocates of shareholders, with big bucks for some of the state's corporate lawyers said to be riding on the outcome. And to influence the outcome, partners in some of those firms are exercising their political clout.

**Give.**



American Heart Association

WE'RE FIGHTING FOR YOUR LIFE

Over the past year, two groups have reviewed ways to update the state's corporate laws, last overhauled in 1955.

The Corporate Law Study Commission was appointed by the General Assembly and is made up mostly of state legislators. The commission is expected to propose changes that would be likely to benefit corporate directors in the legislative session that begins next month.

A separate panel, the N.C. Business Act Drafting Committee, also has studied the laws and will propose further changes next year. The panel, which is made up of attorneys and law professors, is considered to be more strongly aligned with shareholders' interests.

A key issue in the deliberations: Should shareholders have a voice in deciding whether directors be required to pay fines levied against them as a result of lawsuits brought by shareholders?

The issue is important, corporate experts say, because it involves money — the money that corporations and directors might have to pay to shareholders for decisions that hurt the corporations.

In the past, such issues were not as urgent because companies carried insurance to pay for damages from lawsuits filed by shareholders. But when premiums rose sharply, companies turned to state lawmakers.

In response to those pleas, the legislature in 1986 passed a law that allows shareholders to sue corporate directors in an action called a derivative lawsuit. If the shareholder wins, directors might be ordered to pay damages, but the corporation is allowed to reimburse directors for such awards.

In effect, corporations are paying for damages against themselves, caused by the negligence of their directors. The bottom line: Large fines can depress a company's earnings, stock prices and return to shareholders.

Some commission members and most members of the drafting committee say the 1986 law should be changed so that directors are not so easily reimbursed if they act negligently.

## Officials to probe mechanical defect in some GM cars

From Associated Press reports

**WASHINGTON** — Federal safety authorities have opened a new investigation of 1.4 million Oldsmobile, Buick and Cadillac cars, tripling the number of General Motors Corporation autos being investigated to determine if a mechanical defect causes them to speed up unexpectedly.

The National Highway Traffic Safety Administration (NHTSA) said Tuesday 110 complaints involving 1985-88 GM C-body cars, including the Oldsmobile 98, Buick Electra and Cadillac DeVille and Fleetwood, alleged the cars showed unintended acceleration because of a "significant increase in engine speed and power output."

NHTSA last year opened an engineering evaluation of 703,000 GM H-body cars — the 1986 Oldsmobile Delta 88 and Buick LeSabre, and the 1987 Pontiac Bonneville — after receiving more than 500 complaints about sudden

acceleration. Those cars reportedly had been involved in more than 300 accidents, NHTSA said.

The C-car investigation was started at the request of the Center for Auto Safety, a Washington-based consumer group often critical of the auto industry and its regulators.

The H-car and C-car investigations are separate cases on the NHTSA docket, but the center suggested the possibility of a connection between sudden acceleration in the two types of vehicles.

"Those cars share similar mechanical components, and that's why we believe that those (C-body) cars may experience a sudden acceleration problem that is as bad or worse than the H-body cars," said Sam Cole, a spokesman for the center.

GM said it had found no mechanical cause for alleged sudden acceleration in the H-body cars, and so a comparison of the two vehicles was useless.

## ANNOUNCING THE END TO MONTHLY CALLS HOME FOR RENT MONEY.



Old Well Condominiums

If you are tired of asking for rent money each month, come to Old Well Condominiums. With a purchase price of only \$31,900, a down payment as low as \$1,600 and monthly mortgage payments for as little as \$313.47, your parents will not want to miss this tremendous investment opportunity.

For your parents, buying at Old Well is easy with Grubbs Property Financing. Interest rates start at 6.9% and with tax shelter benefits such as interest and property tax deductions, owning a condominium becomes cheaper than renting.

For you, Old Well is conveniently located on the busline and bike route within minutes of the UNC Campus. The two and three bedroom units have been completely renovated including new carpet, wallpaper, and GE appliances. Amenities include a pool, tennis courts, basketball court and onsite laundry facilities. 24 hour emergency maintenance service and our grounds crew insure you the best maintenance service possible.

So tell your parents about Old Well Condominiums. It's the easiest way for them to get a return on their investment while you're in school.

967-2330 Hours • Mon-Fri 1-5, Sun 1-5  
501 Jones Ferry Rd., Carrboro, NC 27570  
*Offered By Grubbs Properties. Buyers Welcome.*



310 W. Franklin St. 933-3767

Come to Ham's and enjoy our

- Daily Lunch & Dinner Specials
- Deli Sandwiches
- Homemade Soups
- Fresh Garden & Fruit Salads

in pleasant in-door or patio dining areas.

If you're in the mood to relax, we have the perfect place for you to take a midafternoon or evening break at our Patio bar. Come find more about these Summer Specials:

SCREAMING' SUNDAY

BLUE MONDAY

TROPICAL TUESDAY

OVER-THE-HUMP WEDNESDAY

THIRSTY THURSDAY

Summer Special

Every Sunday-Thursday - Light Pitchers \$2.25

EVER CRAVE  
A COPY  
AT 3 AM?

Hungry for a copy shop that caters to your odd hours? Kinko's is the place.

kinko's

Open 24 hours.

114 W. Franklin St.

967-0790

Research  
saves lives.



WERE FIGHTING FOR  
YOUR LIFE