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Ford more generous with exit package than GM

Cover Story

By Phoebe Wall Howard (excerpt)

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While General Motors offered a buyout and now faces layoffs to trim its white-collar ranks, Ford quietly presented salaried employees with an early retirement package through the first half of 2018. ...

... "Comparing the two packages back to back? Ford is more generous. It's a great deal," said David Kudla, CEO and chief investment strategist with Mainstay Capital Management, a Grand Blanc investment adviser who manages \$2.5 billion in assets. "We work with a lot of Ford clients."

An employee taking the deal either worked half time for the last six months of the year or left Ford by Oct. 1 and took the final three months of the year off with pay.

A similar package is offered every year. This year, though, "The North American team decided to add a lump-sum payment for retirees, a payment equal to nine months of base pay," Hampton said.

Kudla, who works with hundreds of Ford clients of all ages, said, "These are sweeteners to compel them to go."

Meanwhile, GM offered its employees a buyout deal of six months' pay for workers with 12 years or more experience, the same amount of severance as if they were involuntarily terminated. Sources say those in the latter group will be escorted out in mid-January.

"Predominantly, these people are all ready to retire," Kudla said. "But I think there are some

people who are concerned about what comes next. Jan. 15 is a big day at GM. That's the day the involuntary plan will go into action. That will be a sad day for some."

Institutional knowledge

Some people have lined up new jobs, others are job hunting. Some experienced GM workers may end up being rehired for their institutional knowledge, which can be essential in manufacturing and engineering.

"A certain amount of wisdom will walk out the door," Kudla said. "You have a guy who sat here 35 years and a problem comes along, the same problem that was on the exhaust bracket of an '87 Riviera. A 27-year-old hot shot can do the research but the graybeard fixes it in 20 minutes. Those are the people they sometimes end up bringing back as consultants."

While industry analysts have skewered Ford for announcing a restructuring plan that stretches into the spring of 2019 and involves consolidation but no clear details, GM announced Nov. 26 that it planned to shutter three assembly plants and two propulsion plants and cut an estimated 8,000 white-collar jobs plus about 6,200 factory jobs.

"Ford didn't really advertise or publicize the way GM did," Kudla said. "Why did (GM CEO) Mary Barra come out and do this? Make the pronouncement? What happens to the (stock) share price when companies come out and reduce head count? Stock went up that day." ...