

PROFILE

Great Western's 'gem' shines

By Laurel Campbell
The Commercial Appeal

The board of the nation's second-largest savings and loan will travel from California this week to visit its Memphis gem.

Memphis-based Great Western Consumer Finance Group, a division of Great Western Financial Corp., represents just under 5 percent of its parent company's assets but contributed 14 percent, or \$42 million, to earnings last year.

"It's difficult for Great Western to grow assets right now" because of the slow real estate market, said Michael Pappas, president and chief financial officer of the consumer finance group. "So here we are, a little company, growing assets, making a lot of money and not creating any problems for them."

Great Western Consumer Finance Group (GWCFG), based in Memphis since 1967, operates 512 lending offices in 23 states under names that include Blazer Financial Services and City Finance. About 43 percent of the company's business is in personal loans, 41 percent in second mortgages and 16 percent in retail installment loans.

Last year, GWCFG doubled its net earnings to \$42 million, on revenue of \$330.7 million, up 34 percent over the year before. Net loan receivables for 1991 reached an all-time high of \$1.7 billion, up nearly 25 percent. Nonperforming assets, or delinquent loans, were held to 1.43 percent of assets, an all-time low.

Great Western, based in Chatsworth, Calif., also had a stellar year. The nation's most profitable thrift saw its earnings double to a record \$298 million with assets of \$39.6 billion.

And it wasn't a good year for lending;



Michael Pappas, president: "A little company, making a lot of money."

people were reluctant or unable to borrow money, whether for houses or furniture.

"We track pretty well with the retailers — when consumers are buying, we're financing," Pappas said. "Unemployment concerns us, because it takes away borrowers' ability to repay, leading to potential losses and affecting growth."

"So in low periods, we work on acquisitions to grow," Pappas said.

Last year, GWCFG bought Capitol Finance Group Inc., the consumer finance subsidiary of First Union Corp., a Charlotte, N.C.-based bank holding company. Capitol has 41 branches and \$178 million in assets.

The company also mounted a direct-mail marketing campaign last fall to

current customers and selected prospects.

"We felt it had been a long time since people spent money," Pappas said. "From October to December, we made 221,000 loans for a total \$466 million."

Pappas said 60 percent of the consumer finance group's business comes from

Please see WESTERN, Page C2

QUALITY

Global market demands change

By Kevin McKenzie
The Commercial Appeal

Fred Thompson uses a 46-year-old picture of long lines outside a Western Auto store in Memphis to illustrate the plight of American industry.

At the end of World War II, U.S. businesses were indisputably No. 1. Demand for consumer goods at stores like Western Auto was exploding, regardless of the quality of the goods. It was quantity that counted.

Today the lines outside that Western Auto store, as well as the store itself, have disappeared. American businesses have lost leadership in some industries and face fierce global competition in others.

"Now, with foreign competition coming in with a better way of doing things, the competition is there," said Jack Laser, general manager of a Brownsville, Tenn., plant — MTD Products Inc. — that makes Cub Cadet lawn and garden tractors.

"We're not any more making money in spite of ourselves. That margin is starting to shrink and all the sudden we're saying, 'Gee, we have to do something different here if we want to stay competitive and be around next year or 10 years from now,'" Laser said.

Focusing on quality is the "something different" that Laser decided was needed at the plant in Brownsville, U.S. companies, hospitals, governments, schools and other organizations in growing numbers have reached the same conclusion.

In response to the interest in quality in the workplace, Thompson, a Memphis-based expert on quality management — will discuss quality issues in a regular column, Quality At Work, beginning tomorrow in The Commercial Appeal.

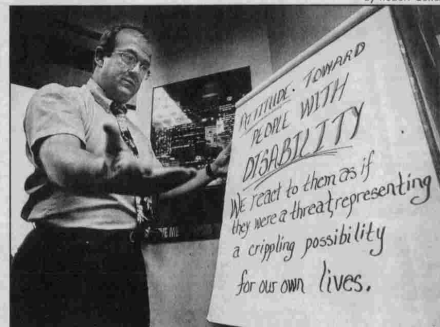
Thompson, 41, found out about the importance of quality the hard way. In the 1970s, the Forrest City, Ark., native was earning a business degree at Indiana University and working as an apprentice for a major automobile parts maker at the same time.

His budding career in the automotive industry was aborted when the Gary, Ind., plant where he was an apprentice closed in 1979. He was one of the first casualties in the battle between U.S. and Japanese automakers for American customers.

Even before the plant closed, Thompson

Please see QUALITY, Page C2

By Robert Cohen



Kenneth Tedford Jr. has just started his own company to counsel on disability issues. "A person with a disability is just that — a person."

WORKPLACE

Attitude key to success, disabled counselor says

By Angeline Maxie
The Commercial Appeal

Kenneth Tedford Jr. knows the importance of a good attitude, and he's taken that concept one step further. He's gone into the "attitude business" and is trying to make a difference in the way Memphians and others view people with disabilities.

Tedford, 38, started his company, Attitude Concepts Inc., June 1 after having worked with people with disabilities for seven years. Tedford, who is legally deaf, serves as a consultant and motivational speaker for various types of businesses on issues concerning the disabled.

Although the business is a separate entity, it is located within the Memphis Convention & Visitors Bureau.

"We want to make sure that our employees and front line people are sensitive and able to work with people with disabilities," Kane said.

Tedford has an agreement with the

Please see ATTITUDE, Page C2

COMPUTERS

Price war sinks profits amid flagging market

By Floyd Norris
The New York Times News Service

NEW YORK — All across America last week, money managers typed lower numbers into the spreadsheets on their personal computers and concluded the personal computer industry is in trouble.

When the smoke had cleared, Compaq Computer had lost 13 percent of its market value, Apple was down 18 percent, Dell had lost 33 percent and AST Research had shed 17 percent. The market value of the four had dropped by \$1.9 billion in the week.

The reason for the decline was simple, Compaq said it would introduce an "aggressively priced" personal computers. Compaq, responded an executive of mail-order discounter Dell, "will not out-Dell Dell." Dell's margins, he said, will shrink.

The reaction reflected a belief that a battle of the titans is under way on the pricing front, with small competitors to be crushed as profits vanish for all. An index of six makers of IBM clones was down 18 percent from its 1992 high even before last week. Now it is off 33 percent.

"Wall Street focuses on sentiment, and right now it is incredibly negative," said Roger B. McNamee of Integral Capital Partners, who owned Dell going into the bloodbath and who bought more. Eventually, he argued, the fear of collapsing margins will be replaced with greed for the prospects of higher sales.

For the economy, the personal computer industry may be providing another warning of a sub-par recovery in corporate profits. Consumers are far from eager to spend, and many foreign

Please see PROFITS, Page C5

EMPLOYMENT

Tenn. jobless rate outpaces reports; officials say it's OK

By Roland Klose
The Commercial Appeal

To borrow liberally from Mark Twain: There are statistics, preliminary statistics and revised statistics.

According to revised statistics, Memphis's actual unemployment rate was higher in 11 months of 1991 than first reported by state officials. And Tennessee's actual unemployment rate turned out to be higher in nine months of 1991 than first reported.

The unemployment rate is a widely watched measure of the economy's health. It represents the percentage of the labor force looking for work but unable to find any. If the rate goes up, the economy is failing to create enough jobs for the people who want to work.

According to the latest revisions, the actual unemployment rate in Memphis during some months was as much as three-tenths of a percentage point higher than first reported by state officials.

And Tennessee's statewide unemployment rate was in some months understated by as much as half a point. During four months of 1991, the jobless rate in the Volunteer State actually was higher than the national rate.

Joe S. Cummings, director of research and statistics for the Tennessee Department of Employment Security, explained that Tennessee and 38 other states must routinely adjust employment statistics because federal survey samples are not detailed enough.

Sometimes the revision lowers the rate; sometimes it will go higher. The state, on average, underestimated the number of unemployed Memphis area residents last year by 575 and overestimated the size of the local labor force by an average of 4,400 each month.

Here's how it happened:

The U.S. Census Bureau, under con-

tract to the Bureau of Labor Statistics, takes a monthly pulse of employment by surveying about 60,000 households nationwide to see who has work and who doesn't.

The survey, called the Current Population Survey, includes enough households to get sound statistics for the nation's 11 biggest states, but for the rest of the country, the sample size is too small.

In Tennessee, state statisticians have to juggle numbers from about 800 households into a formula that is used to generate preliminary estimates of the jobless rate for each of the 95 counties.

To get preliminary estimates for the four-county Memphis metropolitan area, the state used Arkansas's estimates for Crittenden County and Mississippi's estimates for DeSoto County.

At the end of the calendar year, the state develops a 12-month average that incorporates other more detailed data, including surveys of about 7,900 Tennessee employees.

Revised numbers are presumed to be more accurate than the preliminary numbers. Even so, they're still imprecise.

For example, Tennessee's revised annual average unemployment rate last year was 6.6 percent. But even in the revised statewide rate, there is a statistical margin of error of plus or minus one point, Cummings said.

That means the actual average state unemployment rate in 1991 could have been as little as 5.6 percent or as high as 7.6 percent.

The difference between the high and low figure represents the percentage of the population that populates Germantown and Collierville.

As for county-by-county estimates, the margins of error can't be calculated.

Please see JOBLESS, Page C5

ADVERTISING

Collierville native heads N.Y. agency

By Byron McCauley
The Commercial Appeal

Collierville native Louise McNamee has succeeded Jerry Della Femina as head of the New York advertising agency Della Femina McNamee Inc.

McNamee is now president and chief executive officer of the firm responsible for campaigns such as Purina's Meow Mix and the Flying Joe Izuu ads. The controversial Della Femina — who founded the agency 25 years ago — resigned after years of bickering with executives of his French parent company, Euro RSCG.

McNamee, 42, is a graduate of Whitehaven High School and Mary Baldwin College. She began her advertising career at Kelly, Nason-Univas, a New York City market research firm, and joined Della Femina in 1979.

The departure of the founder of Della Femina McNamee Inc. clears the way for Euro RSCG to realign its three U.S. agencies, including a possible merger.

Euro RSCG also controls Tatham RSCG, based in Chicago, and Messner Veterans Berger Cary Schmetterer in New York. McNamee said talks among the agencies on sharing resources or merging altogether should be concluded within six weeks.

ADNOTES
Computer technology has made it significantly easier for newspaper advertisers to make alterations to ads, says Lynne Meena, vice president of the New York-based Advertising Bureau.

"You can create an ad on the spot, and

Please see AGENCY, Page C5

Louise McNamee

RSCG.