

McTevia says Delphi leader on right track

Delphi chief backs workers

Miller: Keeping promises is a priority

February 10, 2007

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In his first public comments in months, Delphi Corp. Chairman Steve Miller said Friday that preserving established commitments to its workers is a top priority in the auto supplier's Chapter 11 bankruptcy restructuring, even as the company negotiates for lower labor costs that could set Detroit's struggling auto industry on a new, healthier trajectory.

"It's been my objective to preserve the pension entitlements," Miller said Friday during a luncheon forum of the Jewish Federation of Metropolitan Detroit in Birmingham.

But he also said Delphi and the Detroit automakers can't continue to make those generous promises to future workers if they plan to survive.

Miller delivered his remarks as Detroit's automakers prepare for contract negotiations with the UAW and Delphi works on a tight deadline to reach a new labor agreement with its unions and former owner General Motors Corp. to protect a \$3.4-billion investment by private equity investors in the supplier's restructuring. Delphi already missed the investors' initial Jan. 31 deadline to reach a labor agreement and is now working on a Feb. 28 deadline.

"I believe we will find solutions we can all live with," Miller said of the Delphi talks.

People on all sides of the Delphi negotiations are focused on providing for the "honest, loyal, hard-working people who took a job at GM or Delphi long ago and played by the rules," Miller said.

"But I will not shy away from facing up to the harsh realities of our situation," he said.

The harsh reality, Miller described, is one in which nonunion domestic rivals and foreign companies can charge less for the same components because they offer lower wages and long-term benefits.

To compete against those rivals, Miller said, Delphi and the Detroit automakers need the freedom to

offer lower, more competitive wage and benefits packages.

"We can compete on American soil with many of the components that we make, but for that, we need labor contracts that are competitive with our domestic competition," he said.

What stood out for bankruptcy and business turnaround expert Jim McTevia, who attended the Friday luncheon, was Miller's compassion for workers.

"I've never known a crisis person who is that focused on people," said McTevia, who was impressed by Miller's comment that most of the money offered by investors would go toward Delphi's pension fund.

"I suspect he could have gone into the courts and filed a motion to reject the union contracts. I know a lot of turnaround people who would have done that. I think the fact that he's gone about this in a different manner is going to get him where he wants to be. ... Delphi is going to stand for the way a company needs to resolve its problems."

Miller said the timing of talks with the UAW is important.

"Part of what makes the Delphi situation so compelling is that it is a precursor to the contract negotiations coming up at Ford, GM and Chrysler," Miller said.

Miller doesn't expect Ford or GM to file for bankruptcy. Instead, he said, he expects they will follow Delphi's lead and negotiate to have two tiers of pay and benefits and to allow for hiring a less skilled workforce.

"Detroit is really at a crossroads," Miller said. "Huge decisions will be made in the next six months that could get our Big Three back on track or possibly consign them to the scrap heap of history."

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