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GM announces 1,900 more layoffs at plants

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Andrea Kanakry assembled fruit baskets in her Warren floral shop today on a mission to win new business.

Kanakry teamed up her shop, Andrea's Gift Boutique and Florist, with Sajo's Restaurant, which has a banquet hall and catering service. Kanakry delivered the fruit baskets stuffed with information about the two businesses to funeral homes in hopes of drumming up sales.

"It's been so rough lately," said Kanakry, 32, of Warren. "It's only getting worse."

Kanakry's story reflects those of hundreds of business owners who are watching sales plummet as wallets tighten with every wave of bad news for Michigan's automakers.

General Motors Corp. said today it plans to lay off 1,900 hourly workers, on top of 3,600 layoffs announced Friday. GM's shares tumbled \$1 Monday to close at \$3.36, after an analyst said the company faced a "bankruptcy-like" spiral.

In the long term, analysts say the domestic automakers will be smaller. In the short term — as soon as this holiday season — retailers, from huge big box stores to small operations like Kanakry's, must brace themselves.

"It's going to be devastating," said Ilhan Gekil, senior consultant at Lansing-based Anderson Economic Group. "Even if autoworkers have money and some savings, they are not going to spend as much as they used to in previous years."

Anton Lulgjuraj manages Marko's Grecian Palace, across Van Dyke Road from the GM Tech Center. Lulgjuraj's family bought the spot in July last year, expecting business to come from the Tech Center and a nearby Wal-Mart store.

Now the Wal-Mart has closed, and business is dwindling from the Tech Center.

"Every time they announce a layoff, this is what happens," said Lulgjuraj, sitting at the back of the restaurant and gesturing at the three customers inside, shortly after lunchtime, when in the past the restaurant was half full.

Layoffs are on the way across the country at GM.

On Monday, the automaker announced 1,900 layoffs at stamping and powertrain plants. Friday, when the company reported its \$2.5-billion net loss for the third quarter, it said it would lay off 3,600 at assembly plants.

As part of those layoffs, GM filed papers Monday with the state saying it plans to lay off 650 employees Jan. 23 at its assembly plant in Lake Orion because of lower sales of the Malibu and

Pontiac G6. GM also plans to lay off 52 salaried employees, according to the filing.

Mike Dunn, chairman of UAW Local 5960, said he was in discussions with GM officials most of Monday in an effort to minimize the layoffs.

It was only in June that employees at the plant celebrated GM's decision to add a third shift, or about 1,200 employees, because of strong sales of the redesigned Malibu.

As GM cuts production, it will need fewer parts, and job losses likely will ripple through the supply chain.

Those cuts exacerbate the problems for troubled retailers, and other parts of the Michigan economy, most notably the state's real estate market.

With one of the worst foreclosure rates in the country, the housing market in Michigan is expected to get worse as the auto industry continues to suffer.

"Three weeks ago I would have said we're at the bottom, and we're starting to make a turn," said real estate broker Ralph Roberts. "We don't know we've hit the bottom until we know what's happened with automotive."

Roberts said he does more consulting these days as Michigan residents struggle to keep their homes.

"There are people who are leaving the state. There are people who are just mailing the keys to the lender," Roberts said. "There are people who are moving in with family."
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