



PHOTO: REUTHER LIBRARY

Polish labor leader Lech Walesa, at podium, with his interpreter, far left, Magda Iwinska, at the Reuther Library opening of the new Solidarity exhibit. Also attending are Marcin Chumiecki, back row center, and Mike Smith, back row right. Second from right is Tina Abbott and far right is Allan Gilmour, the former Ford Vice Chairman who is now the interim President at Wayne State.

## J.D. Power Holds '10 Forecast at 11.6M

After two months of mixed indicators resulting in downward revisions to the vehicle sales outlook, J.D. Power and Associates is holding its 2010 forecast at 9.2 million units for retail sales and 11.6 million units for total sales.

"The strength in the first half of September is exactly what the industry has been looking for to begin a more measurable recovery through the remainder of the year with continued progress into 2011," said Jeff Schuster, executive director of global forecasting for J.D. Power.

"The expected increase in vehicle availability should provide relief in the coming months as many 2011 models hit the showrooms, but the industry's attention will remain on the economic indicators to gauge the level of recovery."

J.D. Power's 2011 forecast remains at 10.7 million units for retail sales and 13.2 million units for total sales. However, given the volatility in both the economy and consumer demand, there remains a moderate level of risk of a weaker selling rate in 2011.

After a sharp increase during the first half of 2010, North American production continues to be balanced with demand.

Light-vehicle production in the fourth quarter is expected to come in at 2.8 million units, an increase of nearly 3 percent from the same period in 2009.

Further improvement is expected in 2011, with production volume projected at 12.7 million units and capacity utilization at 72 percent.

U.S. inventory levels have

been well-maintained in 2010. Days supply at the beginning of September was 52 days, and remained unchanged from August.

This level is well above the 29-day supply in September 2009, which was significantly depleted as a result of the CARS program, but remains below the industry norm of 60 days.

"The recovery in North American production will finish 2010 by well outpacing the sales recovery, but the production increase in 2011 will not be as pronounced, as inventories are expected to be replenished and stable next year," Schuster said. "However, there are still availability shortages with some key models, which may impact demand during the remainder of 2010."

## U.S. Steel Industry Faces Challenges

By SANDY SHORE  
AP Business Writer

The steel industry's outlook has dimmed with the unevenness of the global economy. Sales have dropped along with prices while costs have risen, leaving companies pessimistic about the rest of the year.

Two of the world's biggest steel manufacturers turned in third-quarter performances on Tuesday that demonstrated how much expectations have changed since mid-year as many countries and regions fail to generate significant economic growth.

ArcelorMittal, the world's largest steelmaker by output, and United States Steel Corp., the biggest U.S. steel company, said the lack of recovery in the construction market, a huge customer for steel companies, is a primary drag on results. Other key industries, such as autos and appliances, are faring better but still aren't using steel at pre-recession rates.

Argus Research analyst Bill Selesky said steel customers are worried about future growth, which has cut into their orders. "They don't see it picking up noticeably down the road," he said.

As a result U.S. Steel, which in July predicted a profit for the third quarter, instead reported a \$51 million loss. The company blamed the decline largely on the choppy recovery in North America and Europe, a weak construction market and seasonal buying patterns.

Higher repair and maintenance costs, following a structural failure in July at the

company's Gary Works facility in Gary, Ind., also damped results.

U.S. Steel's outlook started to deteriorate last month. John Surma, CEO of the Pittsburgh company, warned analysts at a Credit Suisse conference that demand was weaker than anticipated and he didn't anticipate any improvement in the year's final quarter.

Surma also said U.S. Steel isn't seeing orders for 2011 from automobile manufacturers that it would expect, given some of the automobile industry forecasts for next year.

Other U.S. steel manufacturers reported similar struggles, particularly in the flat-rolled steel segments, which serves the appliance, autos and construction markets.

"The flat-rolled market in the U.S. has been more challenged right now than it has been earlier this year," said Bridget Freas, a steel analyst for Morningstar Inc.

The choppy economic recovery also has increased the number of steel imports flooding into the country, U.S. Steel said. More imports from South Korea will lead to lower shipments and lower prices for the company, Surma said.

Whereas most countries are trying to spur growth, China is trying to slow its red-hot economy. Steelmakers there, who can't sell as much domestically may try to undercut U.S. companies by selling their products overseas at lower prices. U.S. companies must then slash prices to compete.

Luxembourg-based ArcelorMittal, reported third-quarter results fell 21 percent from the second quarter, although

## U.S. Still on Top in Global Image

NEW YORK — The United States continues to lead the world in global image, according to GfK Roper Public Affairs & Corporate Communications, a division of GfK Custom Research North America, and Simon Anholt, the leading policy advisor.

Results from the 2010 Anholt-GfK Roper Nation Brands Index (SM) (NBI), which measures the global image of 50 countries, shows the United States holding the top spot for the second year in a row as the country with the best overall brand.

Among the top 10 nations, Southern Europe has seen several changes, with Spain no longer part of the top 10,

and Italy overtaken by Canada. France is now ranked lower than Germany.

"After last year, which saw the United States make such a significant leap in its standing to the top nation, spurred by the election of President Obama, the reputation landscape of the countries comprising the top 20 have remained relatively stable," said Anholt, NBI founder and an independent advisor to more than a dozen national governments around the world.

"However, the uncertain global economic climate, combined with financial bailouts, natural disasters and civil unrests have created some interesting shifts."

# Poland's Lech Walesa Visits Reuther To Kick Off New 'Solidarity' Exhibition

By Gerald Scott  
Staff Reporter

If it's any indicator of status, the local Detroit press corps rarely applauds any newsmaker it's covering. An exception was made last week for Lech Walesa, former president of Poland and a man who is even more famous for leading the Solidarity labor union in the 1980s — back when the seeds of destruction of the entire Soviet communist system were planted in a shipyard dock in Gdansk.

Walesa was in town for a new museum exhibit celebrating the now 30-year history of "Solidarnosc," or Solidarity in English, that opened at the Reuther Library on the Wayne State University campus in Detroit Oct. 26.

It was there that Walesa did indeed earn applause from local media and other visitors to his press conference, but then here's a man who literally helped changed the world for the better in a very dramatic way.

Mike Smith, director of the Reuther Library, made the proper introductions on a day when Walesa spoke at the McGregor Conference Center, was feted at a luncheon there and then helped open the "Solidarnosc" exhibit at the nearby Reuther Library.

"Lech Walesa is here today to open our 'Solidarnosc / Poland's Struggle for Freedom' exhibit at the Walter Reuther Library of Labor and Urban Affairs later this afternoon," Smith said.

"It was 30 years ago in September that President Lech Walesa climbed over the wall at Gdansk, at the Gdansk Shipyards in Poland to be with the striking workers. This was an act that demonstrated extreme courage. President Walesa literally risked his life and limb — not only by climbing over the fence, but by defying the authorities. This act symbolizes the courage that President Walesa has displayed throughout his life."

That strike and the formal organization of the Polish Solidarity labor union back in

1980, was, arguably, the first crack in the Berlin Wall, a symbolic and real symbol of communist oppression that would eventually break so famously in 1989. One year later, in 1990, Poland enjoyed its first modern democratic elections and the former electrician from Gdansk, Walesa, was elected president at that time.

Perhaps one had to live through the heady years of the fall of communism in the 1980s to appreciate what Walesa and his fellow Polish patriots accomplished, but it was a dramatic era in which everybody from then-President Reagan, Pope John Paul II and the United Auto Workers (UAW) in Detroit were all working behind the scenes to help Solidarity succeed.

Walesa was hounded by authorities, sent to prison and thus became a global hero, "the last revolutionary" as he calls himself. In so doing, he was named *Time* magazine's Man of the Year in 1982 and then won the Nobel Peace Prize a year later.

Said WSU's Smith, "In short, Lech Walesa is one of those rare, rare people who have had an impact on the entire world — a game changer, to use the modern sports metaphor. Few people over the past 30 years can claim to have the impact that Lech Walesa has had upon all of us. We're extremely honored that he decided to open our exhibit at the Reuther Library and visit Wayne State University."

Walesa, now 67, doesn't speak English and his comments were made through his Polish / English interpreter.

"Thirty years ago, the world was divided into two antagonistic blocs," Walesa said. "The Soviet system was getting ready for a nuclear war and its major target was the United States. In my country, back in the 1980s, there were 100,000 Soviet soldiers based there permanently and more than 1 million Soviet troops in neighboring countries and around Poland — plus nuclear missiles around."

"So anyone who had any common sense and knew of

those circumstances came to realize that any (peaceful political) change was not possible. However, there were a few individuals, me included, who were determined to find out some way (to overcome communism).

"(The world) wished us all the best, they wanted to support us, but they never believed there was a chance of overthrowing the communist system."

But, indeed, world opinion, as well as Soviet leadership in Moscow, grossly underestimated the will of the Polish people, emboldened by the historic and timely coincidence that the first and only Polish pope, John Paul II, was elected to lead the worldwide Catholic Church in 1978.

"At that point, when we all felt totally discouraged and helpless, a Pole was elected the Pope and he awoke the nations, the peoples, and he gave us faith, and this proved to be much more powerful than the nuclear weapons and the tanks and the troops," Walesa pointed out.

Indeed, add to this geopolitical mix some strong behind-the-scenes support from President Reagan and a host of logistical supplies from the UAW in the way of picket signs, speeches, fliers, fax machines, paper, food and money, and well, the entrenched communist status quo eventually did yield to the revolutionary Walesa, the striking Solidarity labor union and ultimately the Polish people.

"So now in constructing the new world, we need to keep these factors in mind, too. The era, which we drew to an end, is now over and is back in the past together with the downfall of communism and the downfall of the Soviet Union," Walesa said. "And a new era of (globalism) has started."

The Reuther Library's "Solidarnosc" exhibit captures those accomplishments and that Berlin Wall era in exquisite detail. The exhibit runs through next June.

"I am the last revolutionary," Walesa said. History may just prove him right.

## Patti Engineering Named a Siemens Partner

By Jim Stickford  
Staff Reporter

Siemens Industry Inc. is a multinational corporation with offices all over the United States and the world, and Patti Engineering of Auburn Hills, Mich., employs 29 people full-time and nine part-time employees.

But despite their differences in size, Siemen has made Patti Engineering only one of two companies in Michigan a Siemens Solution partner.

The reason is simple, said Patti founder and CEO Sam Hoff. Siemens builds machinery used in the manufacturing process and Patti Engineering specializes in process control. Basically, they tell the machines what to do in the most efficient way possible.

Hoff said receiving such a designation is a lot of work. Companies that wish to be partners must complete a rigorous training course as well as prove to Siemens that they are worthy of partnership designation. Even after a company is awarded partnership status, it has to continue training and keep up with new technology and equipment.

Siemens benefits from the partnership by having a company they know can make their equipment work for their customers. Patti Engineering benefits because Siemens is a big seller of manufacturing and distribution equipment.

"This awarding of partnership solutions status legitimizes what we do," Hoff said. "It gives both of us joint marketing solutions. They can steer business our way and we can steer business to them."

Hoff and his company have come a long way since he founded the firm back in 1991 when he was only 24.

"The company is named after my wife Patti," Hoff said. "I have a degree in electrical engineering from what is now Kettering U. in Flint, Mich. I was co-opped with GM and

ended up getting a job with them with the idea that I was going to design a car as cool as a Mustang."

But Hoff learned that designers only work on one small part of the car. He became familiar with robotics and fell in love with electrical control systems, so didn't stay with GM for long.

"I was hired in March of 1990 and left in August of the same year," Hoff said. "I went to work with a company that is now out of business. They made me a salesman. It wasn't my best decision, but they gave me a company car and a cell phone back when cell phones were big and expensive. For a while, I thought I had it made."

But the sales area wasn't for Hoff. He said he only made one sale to Fanuc Robotics. By 1991, Hoff was sending his resume around and the folks at Fanuc told him that if he started his own company, they'd keep him in business for at least four months. He did their control system integration, which he said is a fancy way of saying he told the robots what to do. So he started Patti Engineering in his home, naming the company after his wife.

Hoff hired his first employee in 1994, and Patti Engineering has been at its Auburn Hills location since 2000.

Hoff said many people are surprised to learn that only about 45 percent of Patti Engineering's business is auto-related.

"We do a lot of work on distribution systems for companies," Hoff said. "Warehouses are automated these days. One client is the Men's Warehouse, the national clothing chain store. We also do work for Sara Lee."

Men's Warehouse has nine regional warehouses that feed the local stores, Hoff said. They also have about 30 percent of the tuxedo market. Automation comes in very handy with a warehouse that has an order for 100 shirts to go here, 100 pairs pants to go



PHOTO: JIM STICKFORD

Patti Engineering in Auburn Hills is led by CEO Sam Hoff and his wife, Patti, whom the supplier was named after. Patti is one of only two Siemens Solution partners in the state of Michigan.

there.

The same principles apply to food distribution warehouses, Hoff said. So, being experts on what he calls control systems that handle sortation and distribution is good for business.

Patti Engineering just opened a small office with three people in Austin, Texas, Hoff said.

"We're not going after the oil and gas business down there," he said. "That market is pretty well taken care of by the people who have been in the oil and gas business for generations. But that means there's room for other people to take care of, I'm not going to say neglected, businesses that slip through the cracks."

As for the future, Hoff said he and his staff are currently working to integrate iPads into work systems.

"You hardly see Apples integrated into the manufacturing process," Hoff said. "The advantage to Apple stuff is that it works, the disadvantage is that it's a closed system. But still, it's easy to use and dependable."

Because it's a closed system, it can be difficult to adapt Apple to other systems, Hoff said. He noticed that when IT people go home, they usually have Apples because they work and they don't have to play IT guy at home.

Part of Patti Engineering's philosophy is ease of use,

Hoff said. Systems should be intuitive. Too often engineers design with the thought that work systems will be used by other engineers, and that's not usually the case.

"If you need to use a manual a lot, then we haven't done our job," Hoff said.

## State Receives \$150M for New Rail Line

DETROIT (AP) — Michigan will receive \$150 million to develop a high-speed rail system between Kalamazoo and Dearborn.

Democratic U.S. Reps. John Dingell and Mark Schauer announced the \$160 million plan last week in a press release. The plan also includes an additional \$8 million to connect the Chicago-Detroit High Speed line to Detroit New Center Station.

The High-Speed Intercity Passenger Rail Grant Program money will pay for infrastructure upgrades on the rail system owned by Norfolk Southern.

The changes would raise the top train speed from 79 mph to 110 mph on the 135-mile stretch.

Upgrades would include improving tracks, bridges, signal systems and stations on the Amtrak run between Kalamazoo and Dearborn.