

# Withdrawal/Redaction Sheet

## Clinton Library

| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                                                                                                 | DATE   | RESTRICTION   |
|--------------------------|---------------------------------------------------------------------------------------------------------------|--------|---------------|
| 001. memo                | From: Amy Zisook, To: Mike Lux, et al, Re: Corporate Spokesperson - Family & Medical Leave [partial] (1 page) | 2/3/93 | b(6)          |
| 002. Biography           | Paul Lehman Biographical Sketch [partial] (1 page)                                                            | nd     | b(6)          |
| 003. fax                 | From: Dave Kelly, To: Kim Tilley [partial] (1 page)                                                           | 2/3/93 | P3/b(3)       |
| 004. note                | Handwritten Notes [partial] (2 pages)                                                                         | nd     | P3/b(3), b(6) |

### COLLECTION:

Clinton Presidential Records  
First Lady's Office  
Liz Bowyer  
OA/Box Number: 5432

### FOLDER TITLE:

[HRC Daily File] Thursday February 4 [1993]

2014-0483-S

sb320

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

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THURSDAY FEB 4<sup>th</sup>

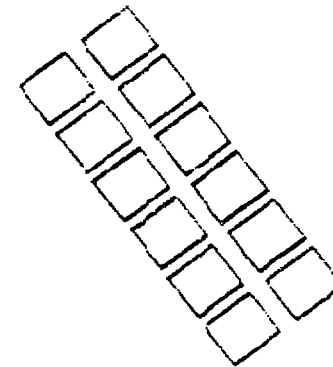
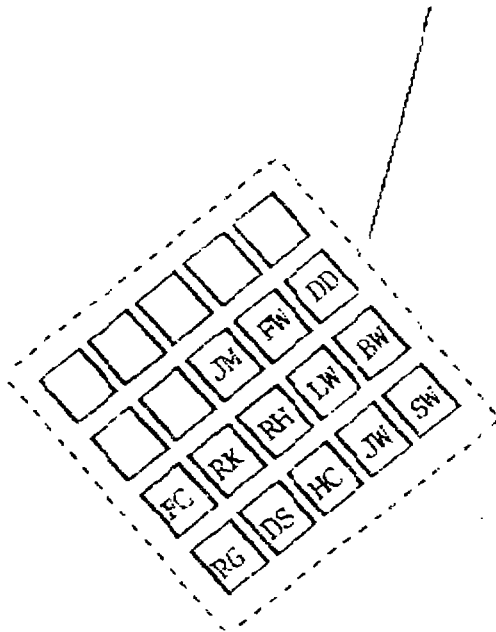
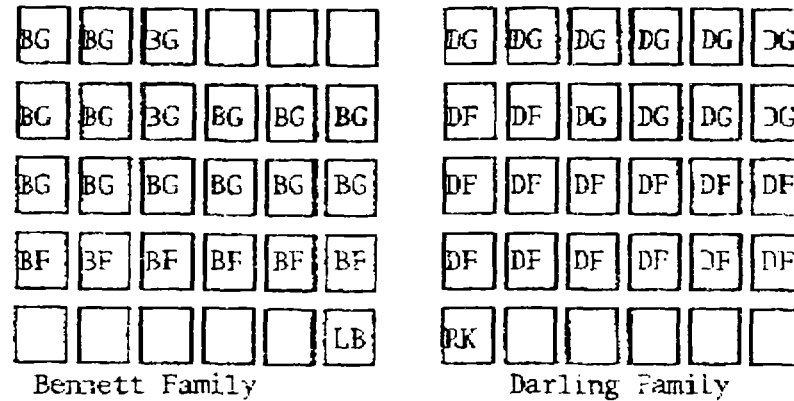
PHOTOCOPY  
PRESERVATION

DF - Darling Family  
DG - Darling Guests

BF - Bennett Family  
BG - Bennett Guests

LB - Dr. Lester Bush  
RK - Mr. Robert Karaitis

ENLARGED VIEW OF THIS AREA  
ATTACHED.



S T A G E

FRONT OF ORIGINAL CIA HEADQUARTERS BUILDING

# ENLARGED DIAGRAM OF SEATING AREA

|                                                   |                                           |                                        |                                             |                                                      |
|---------------------------------------------------|-------------------------------------------|----------------------------------------|---------------------------------------------|------------------------------------------------------|
|                                                   |                                           |                                        |                                             |                                                      |
|                                                   |                                           | Representative<br>James P.<br>Moran    | Representative<br>Frank R.<br>Wolf          | Senator<br>Dennis<br>DeConcini                       |
| The Honorable<br>Frank<br>Carlucci<br>Former DDCI | Mr.<br>Richard J.<br>Kerr<br>Former DDCI  | Amb.<br>Richard<br>Helms<br>Former DCI | Mrs.<br>Lynda J.<br>Webster                 | The Honorable<br>William H.<br>Webster<br>Former DCI |
| Mr.<br>Robert M.<br>Gates<br>Former DCI           | Mrs.<br>Diane<br>Studeman<br>A/DCI's Wife | The First<br>Lady                      | Mr.<br>R. James<br>Woolsey<br>DCI Designate | Mrs.<br>Suzanne<br>Woolsey                           |

#233-04

MAR-06-'93 18:22 T-CIA/PA

(3)

\*\*\*FRONT OF PROGRAM FOR THE MEMORIAL SERVICE\*\*\*

## MEMORIAL SERVICE

*Lansing H. Bennett, M.D.*

*Frank A. Darling*

4 February 1993  
10:00 a.m.



*If we work upon marble it will perish; if we work upon  
brass, time will efface it; if we rear temples, they will  
crumble into dust; but if we work upon immortal minds,  
if we imbue them with principles, with just the fear of  
God and love of our fellow-men, we engrave on those  
tablets something which will brighten all eternity.*

*Daniel Webster*

\*\*\*PAGE ONE - INSIDE OF PROGRAM FOR THE MEMORIAL SERVICE\*\*\*

## ***PROGRAM***

### **INTRODUCTORY REMARKS**

Frank J. Ruocco  
Deputy Director for Administration

### **NATIONAL ANTHEM**

The Keynotes

### **INVOCATION**

The Reverend Lawrence Jones  
Christ Presbyterian Church  
Camp Hill, Pennsylvania

### **REMARKS**

William O. Studeman  
Admiral, U.S. Navy  
Acting Director of Central Intelligence

### **EULOGY**

Lester E. Bush, M.D.  
Robert R. Karaitis

### **GOD BE IN MY HEAD**

The Keynotes

### **CLOSING REMARKS**

Frank J. Ruocco

### **BENEDICTION**

The Reverend Lawrence Jones

### **AMERICA THE BEAUTIFUL**

The Keynotes

\*\*\*PAGE TWO - INSIDE OF PROGRAM FOR THE MEMORIAL SERVICE\*\*\*



Dr. Lansing Bennett



Mr. Frank Darling

*Be not overcome of evil, but overcome evil with good.*  
*Romans 12:9*

*There is a day of sunny rest  
For every dark and troubled night;  
And grief may hide an evening guest,  
But joy shall come with early light.*

*Excerpted from An Evening Revery  
by William Cullen Bryant*

\*\*\*BACK OF PROGRAM FOR THE MEMORIAL SERVICE\*\*\*

**America the Beautiful**

O beautiful for spacious skies  
For amber waves of grain,  
For purple mountain majestics  
Above the fruited plain.  
America, America  
God shed His grace on thee,  
And crown thy good with brotherhood  
From sea to shining sea.

(Second verse to be sung by Keynotes)

O beautiful for patriot dream  
That sees beyond the years,  
Thine alabaster cities gleam  
Undimmed by human tears.  
America, America  
God shed His grace on thee,  
And crown thy good with brotherhood  
From sea to shining sea.

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2/3/93

Kim Tilley  
197

TO: Mike Lux  
Flo McAfee  
Kim Tilley *azf*  
David Dreyer

FR: Amy Zisook  
RE: Corporate Spokesperson - Family & Medical Leave;  
Paul Lehman,

Paul Lehman, President  
Fel-Pro Incorporated  
7450 McCormick Blvd.  
Skokie, IL 60076-8103  
o) 708-674-7700  
FAX: 674-9379  
h) 708-328-0182  
DOB [redacted]  
SS# [redacted] (b)(6) 001

Elliot Lehman, Paul's father and Chairman Emeritus, has been the most out-spoken member of the family on FML, but everyone at FEL-PRO has been involved. Peter Jennings taped an interview with Ken Lehman that they expect to be aired tonight.

Paul will be bringing with him both a blue collar and a white collar employee who were helped by their voluntary plan.

Enclosed is background material on FEL-PRO, Paul's bio, and a copy of their FML plan.

Paul is preparing a 60 second statement to read at the signing.

I told him that Kim and/or David would call him to review his statement and give him additional talking points.

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**PAUL LEHMAN**  
**BIOGRAPHICAL SKETCH**

**CURRENT POSITION:**

President, Administration & Services

**FEL-PRO INCORPORATED**

7450 N. McCormick Blvd.

Skokie, IL 60076

708-674-7700 (B) 708-328-0182 (H)

Fel-Pro is the world's largest manufacturer of automotive and heavy duty gaskets and sealing products used in internal combustion engines. The company is privately held and has been operated by its founding families for the past 70 years. Fel-Pro is recognized nationally for its progressive human relations practices, which include on-site day care, a health and fitness facility, liberal profit sharing, and a variety of programs of employee involvement.

**BORN:**

(b)(6)

002

**EDUCATION:**

Middlebury College--B.A. 1972--History

University of Chicago--M.A. 1975--Social Service Administration

Additional business related course work:

- Various courses at the American Management Association
- Northwestern University, Kellogg Graduate School of Management
- American Productivity and Quality Center
- University of Michigan Graduate School of Business

**EMPLOYMENT:**

1988-Present

President, Administration & Services

**FEL-PRO INCORPORATED**

In charge of all corporate administrative services that support the company's sales and manufacturing efforts. Responsibilities include human resources, organization development and training, finance and administration, information systems, corporate planning, corporate quality, and office management.

1984-1988

Executive Vice President and Chief Administrative Officer

**FEL-PRO INCORPORATED**

Responsible for corporate purchasing, human resources, training, employee involvement, finance and administration, and office services. Member of the Management Committee, which is the major company coordinating and day-to-day operating body of FEL-PRO.

1980-1984

Director of Purchases  
FEL-PRO INCORPORATED

Responsible for all corporate-wide efforts related to the procurement of raw materials, finished components, and sources used in the design and manufacture of the company's products.

1975-1980

Executive Director  
ALTERNATIVES, INC.

A nonprofit youth serving agency operating in the far north side Chicago neighborhoods of Rogers Park, Edgewater, and Uptown.

#### PROFESSIONAL AFFILIATIONS AND COMMUNITY ACTIVITIES:

1991-Present

Board Member  
CENTER FOR ETHICS AND CORPORATE POLICY--a coalition of business, academic, and religious institutions advocating for ethics in business.

1989-1990

Fellow  
LEADERSHIP GREATER CHICAGO--leadership development program

1988-Present

President, Board of Directors  
PEGASUS PLAYERS--a major nonequity, nonprofit theater located in the Uptown neighborhood of Chicago.

1987-Present

Vice President, Board of Directors  
AIDS FOUNDATION OF CHICAGO--which provides coordination for and makes grants to organizations in the Chicago Metropolitan area involved in AIDS-related services and education.

1981-Present

President  
FEL-PRO/MECKLENBURGER FOUNDATION--Fel-Pro's corporate giving program.

1972-Present

Vice President  
NEW PROSPECT FOUNDATION

1979-1986

Founding Member, Board Member, and Officer  
CROSSROADS FUND--a local Chicago foundation making grants to small organizations involved in social change activities.

1975-1980

Board Member and Secretary  
DONORS FORUM OF CHICAGO--the local association of grant-makers and foundation staff and trustees.

1979-1986

Board Member and Chairman  
DONORS FORUM EMERGENCY LOAN FUND--an organization providing low interest loans and technical assistance to nonprofit organizations experiencing cash flow problems.

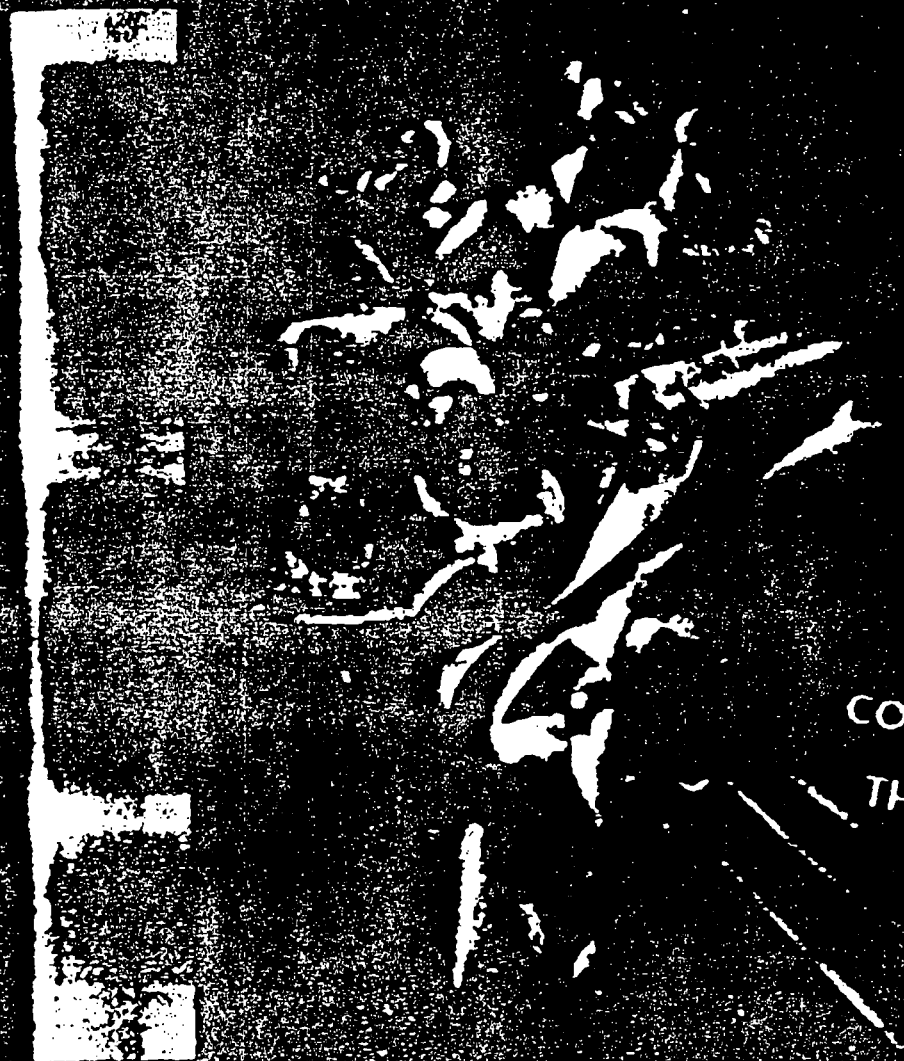
#### FAMILY:

Wife--Ronna Stamm  
Children--Jonathan, Michael, Elizabeth

#### RESIDENCE:

1126 Michigan, Evanston, Illinois 60202  
Phone: 708-328-0187

# THE 100 BEST COMPANIES TO WORK FOR IN AMERICA



GREAT  
NEW  
COMPANIES  
FOR  
THE '90S

EDITED BY WALTER D. WATSON  
WITH INTERNATIONAL EDITOR  
ROBERT LEYER AND MILTON MOSKOWITZ

**A CURRENCY BOOK**

**PUBLISHED BY DOUBLEDAY**

a division of Bantam Doubleday Dell Publishing Group, Inc.  
666 Fifth Avenue, New York, New York 10103

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a division of Bantam Doubleday Dell Publishing Group, Inc.

**Library of Congress Cataloging-in-Publication Data**

Levering, Robert, 1944-

The 100 best companies to work for in America.

Robert Levering, Milton Moskowitz.

p. cm.

1. Personnel management—United States—Handbooks, manuals, etc. 2. Job satisfaction—United States—Handbooks, manuals, etc. 3. Corporations—United States—Handbooks, manuals, etc. I. Moskowitz, Milton. II. Title. III. Title: One hundred best companies to work for in America.

HF5549.2.U5L38 1993

331.2'0973—dc20 92-20442

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ISBN 0-385-26548-4

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Printed in the United States of America

February 1993

First Edition

10 9 8 7 6 5 4 3 2 1

# Fel-Pro

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Fel-Pro is one of the world's largest makers of gaskets for automobiles and industrial uses. They also make sealants, adhesives, lubricants, and epoxies. U.S. employees: 1,700.

- ★★★★★ Pay/Benefits
- ★★★ Opportunities
- ★★★★★ Job Security
- ★★★★★ Pride in Work/Company
- ★★★★★ Openness/Fairness
- ★★★★★ Camaraderie/Friendliness

**BIGGEST PLUS:** Your kids will thank you.

**BIGGEST MINUS:** If you don't have a relative here, you might feel like an outsider.

One way to judge a workplace is to look at what the company provides for the children of its employees. From that viewpoint, Fel-Pro may well qualify as the best employer in the land.

Benefits start at birth for Fel-Pro kids. Literally. On the day a child is born (or is adopted), the company sends the mother flowers, gives the baby a pair of inscribed leather baby shoes, and enters a \$1,000 savings bond in the baby's name, payable on the child's 21st birthday. When Fel-Pro kids turn two, they are eligible to attend the professionally staffed Fel-Pro day-care center, located in a separate building adjacent to the company's plant just north of Chicago. An old railroad caboose sits in the playground. After Fel-Pro kids start school, the company will send professionally trained caregivers to the home to take care of them if they get sick (at a cost to employees of only \$16 a day). If a child is having difficulty in school, the

company provides testing and individual tutoring (at an employee cost of \$7 an hour). When they graduate from high school, the company sends them a \$100 check. College? Fel-Pro offers them individual counseling in selecting their college, then the company provides all Fel-Pro kids attending college \$3,000 a year (for four years) to help defray tuition costs.

For many Fel-Pro kids, summer is the best time of all. The summer day camp is held at the company's own 220-acre Triple R recreation area (the Rs stand for rest, relaxation, and recreation). On summer mornings, yellow school buses wait at the factory to drive them 40 miles to Triple R Camp, with its staff of trained counselors, an Olympic-size swimming pool, arts and crafts classes, and other activities. (In 1991 five buses took 296 kids to Triple R every day.) What about summer jobs? Fel-Pro hires employees' kids to work at the plant. In fact, virtually all temporary summer replacement jobs (usually about 150 positions) are filled by children of employees, called "future gasketeers" by other employees.

Employees talk about Fel-Pro as a big family. Lita Ignacio came to the United States from the Philippines 20 years ago and started working here in 1975 (about half of Fel-Pro's employees are minorities). She said: "I feel like I belong to a family here. They treat us like their family." She points to the day-care center, where two of her children went. "By having day care, it gives us confidence that our little ones are in good hands." Her children also went to the summer camp. "I have the feeling that the management is always thinking of what they can give us more."

There are other reasons why Fel-Pro workers talk about the company as family. Many employees are second- and third-generation. Bob O'Keefe, vice-president of industrial relations, who has been with the company since 1946, is a good example. His three sons, one daughter, one cousin, and one son-in-law also work for the firm; his three daughters and one daughter-in-law worked there during college; and he has one grandchild in the day-care center. In fact, over half of all people who work at Fel-Pro are related to someone else in the company. And there are 109 Fel-Pro married couples. Even those who are not blood-related are considered kin, as Fel-Pro's top corporate goal is "to promote a feeling that we are truly a corporate family," according to the employee handbook.

The company started in 1918 when Hugo Herz and his son-in-law, Albert Mecklenburger, began making felt gaskets and washers for Ford Model T cars, under the name of Felt Products Manufacturing Company. Within a few years they were also making cork and paper gaskets as well as oil seals for automobiles. The firm is still 100 percent owned and controlled by the founding families. Mecklenburger's own sons-in-law, Lewis Weinberg and Elliot Lehman, serve as cochairmen emeriti. Mecklenburger's grandsons (Dave Weinberg and Ken Lehman) are cochairmen, as is Paul Lehman, a copresident. The other copresident is Dennis Kessler, who is married to another of Mecklenburger's grandchildren, Barbara Kessler. Paul Lehman

told us that many of the employee policies can be traced to his grandfather, "a modest, unassuming man who was known to be generous and compassionate."

Fel-Pro's employees work in an air-conditioned 780,000-square-foot manufacturing and office complex in Skokie. Visitors immediately notice a 15-foot-high steel sculpture that depicts people holding huge gaskets. The piece was made by the firm's resident sculptor, Ted Gall, who uses scrap metal and pieces of gaskets to create arresting sculptural works placed throughout the headquarters. The cafeteria, for instance, hosts a large copper sculpture portraying the history of Fel-Pro.

One of the central institutions here is the Employee Forum, which has met monthly since 1952. Each department elects its representative to the forum, chaired by one of the two company presidents. Any issue, except compensation, is fair game. The first part of each meeting is devoted to reporting on what was done about the issues raised in the previous meeting. As Jeff Aull, a customer service representative, explained: "The forum is our voice." John Kula, a sales engineer, added: "I know everything is going to be addressed. The answer may still be no, but I know it's going to go through the system." There's a saying at Fel-Pro that the worst question you can have is the one you never ask.

According to president Paul Lehman, "The concept is that if you give people an opportunity to air the things they are concerned with and you take care of them, then problems stay in their proper perspective." Another advantage, Lehman said, is that "employees keep making suggestions because they know that somebody's going to listen."

In a forum meeting 20 years ago, employees asked to have the plant air-conditioned, and the company agreed (at a cost of about \$1 million). When the issue of recycling was raised recently, a CAT, or corrective action team, composed of both management and employees, was formed to explore ways to improve the company's recycling efforts. Lehman said that the process is more collaborative today than in the past: "We are trying to make it more of a partnership instead of the old way of 'employee proposes, management disposes.' The new twist on it now is that it's not enough just to make suggestions, we all have to solve the problems confronting us."

Dick Johnston, director of corporate quality, contrasted Fel-Pro with his previous employers: "There's more listening that goes on around here, more consideration of the needs and point of view of people both within and outside the company. That was being done here long before it was recognized to be in vogue in other places." He found it remarkable how much access people had to top management. "If you come from another organization, it's a culture shock because there's a trust element here. It takes a while to believe it." Because people have so much direct access to top management, Johnston felt "it's not an easy place to supervise, particularly at the beginning level and the middle levels. You have to develop a

thick skin." In the long run, he thinks it is worth it, since "it makes more open communications, more understanding on the part of everyone as to what's going on and what the real problems are."

Fel-Pro has no executive cafeterias or washrooms or special parking slots. Top executives eat in the company cafeteria with other employees and appear to be on a first-name basis with a large percentage of the work force. They are frequently seen in the offices and on the plant floor kibitzing with employees. The top four officers share one secretary. Executives are expected to write their own speeches and memos, answer their own calls, and open their own mail.

John Barry, codirector of scrap production, recalled that his first boss told him that "the forum is the most important meeting we have each month within the organization. It takes top priority." This surprised Barry, who had previously worked for seven years as a supervisor at an LTV steel mill. "There was no trust between the supervisors and hourly people at LTV. The distrust was promoted in fact, with separate lunchrooms and different colored hard hats. Coming here, there's not even a separate parking space for the owner, for crying out loud."

Besides the benefits for employees' children, Fel-Pro offers everyone a mind-boggling array of unusual perks: an extra day's pay on your birthday; on the anniversary date of your employment at Fel-Pro, and on June 1 (extra vacation money); a free lunch in the company cafeteria on your birthday; a \$200 check in case of a death in the family (including siblings, parents, and parents-in-law); a \$100 wedding check; a \$1,000 check on retirement; free income tax preparation; your own mini-farm (a 20-foot square plot of land at Triple R Camp with water and gardening tools); elder-care consulting and referral; eye care (a free eye exam and pair of eyeglasses every year); two free changes of work clothes annually; a generous profit-sharing plan; group auto insurance; a fully equipped and professionally staffed physical fitness center in the factory; and special holiday gifts:

- Valentine's Day—a pound of Fannie May chocolates
- Easter—a canned ham (or a kosher turkey)
- Mother's Day—a potted plant (given to everyone, mother or not)
- Father's Day—belt buckles, ties, photo albums, etc. (again, no need to be a father)
- Thanksgiving—a can of pistachio nuts
- Christmas—a turkey and a free Christmas dinner in the cafeteria

Some outsiders may consider all these goodies paternalism. Fel-Pro has no unions and has never experienced a work stoppage. And employees proudly point to their willingness to put out extra effort for the company when called upon. But none of the employees we talked with felt they had been bought off by the benefits. Susan Schmid worked summers for Fel-Pro

while attending the University of Illinois with the help of the company's scholarship assistance. Her father worked in the maintenance department, and she also has a brother-in-law with the company. Schmid insisted that she does not feel "manipulated" by the extensive benefits package: "It's a two-way street. It's a give-and-take situation. They're flexible, and so you're flexible. You give more naturally, not because you feel obligated to." Lita Ignacio adds: "You feel that they care for you, so you have to care for them, too."

Copresident Paul Lehman bristles at the depiction of Fel-Pro as paternalistic: "Paternalism connotes to me a real big-brother, big-sister idea." Instead, he called Fel-Pro's style a partnership, where "everybody has to participate to be the best company we can be." He points out that Fel-Pro has been profitable every year of its history and that the firm has had to fight to become the leading gasket maker in the United States. He characterized the ample benefits as a form of sharing the wealth with those who've helped to create it.

Jackie Kassouff, a manager in the cell manufacturing department, explained that although people worked hard at Fel-Pro, there was no pressure, unlike her previous experience in the software industry. With software companies, she said, "We prided ourselves on the number of red-eyes we would take per month and bragged about our 80-hour weeks. That is definitely not the case here. At one point soon after I got here, my boss sat me down and told me point-blank, 'You are working too many hours. We value you too much. You are getting burned out. Stop it. You can take no work home this weekend.' And they were serious."

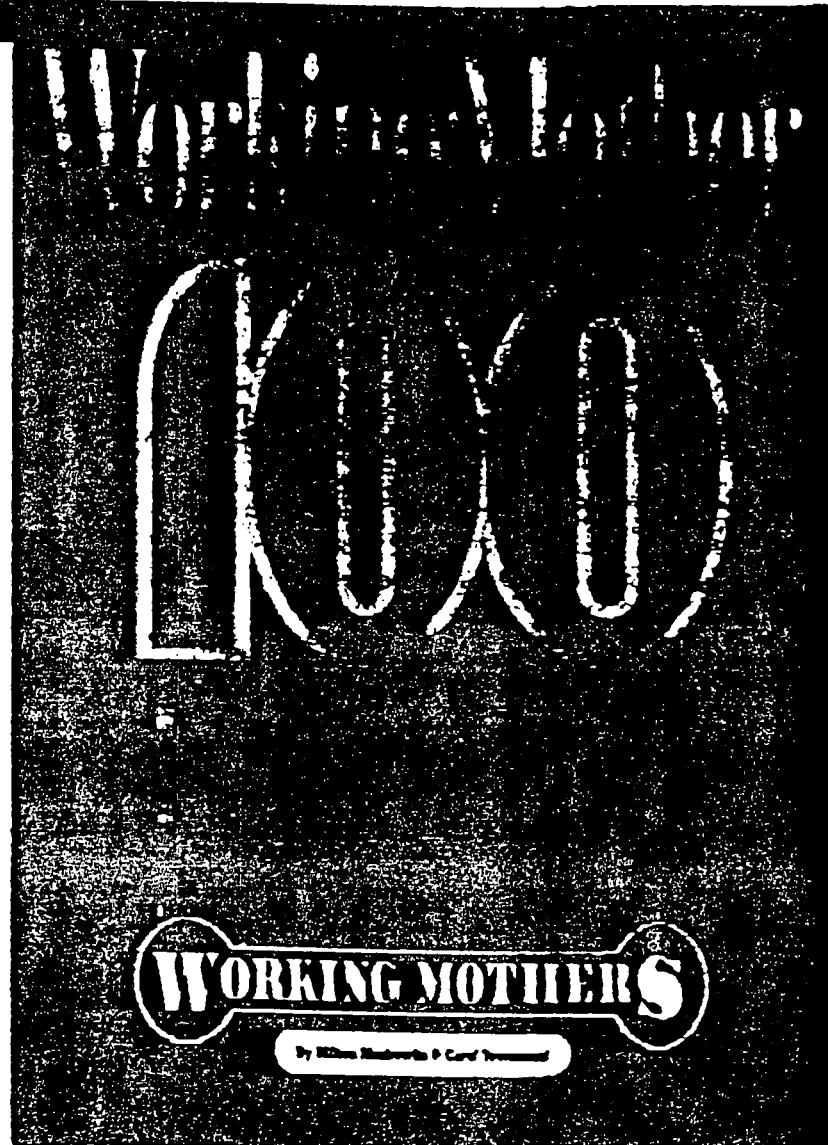
According to Kassouff, there is "a holistic kind of feeling here about people. We do have demands and we have to pay attention to those, but we are people, too, and you have to pay attention to your personal life and your family." She summed up the attitudes of many employees: "You feel like a real human being here when you come to work every day. And that is invaluable to me."

**Types of jobs:** Production—65 percent; technology and engineering—13 percent; sales and marketing—12 percent; administration—10 percent.

**Main employment center:** Skokie, Illinois.

**Headquarters:** Fel-Pro Incorporated  
7450 N. McCormick Blvd.  
P.O. Box 1103  
Skokie, IL 60076  
(312) 761-4500

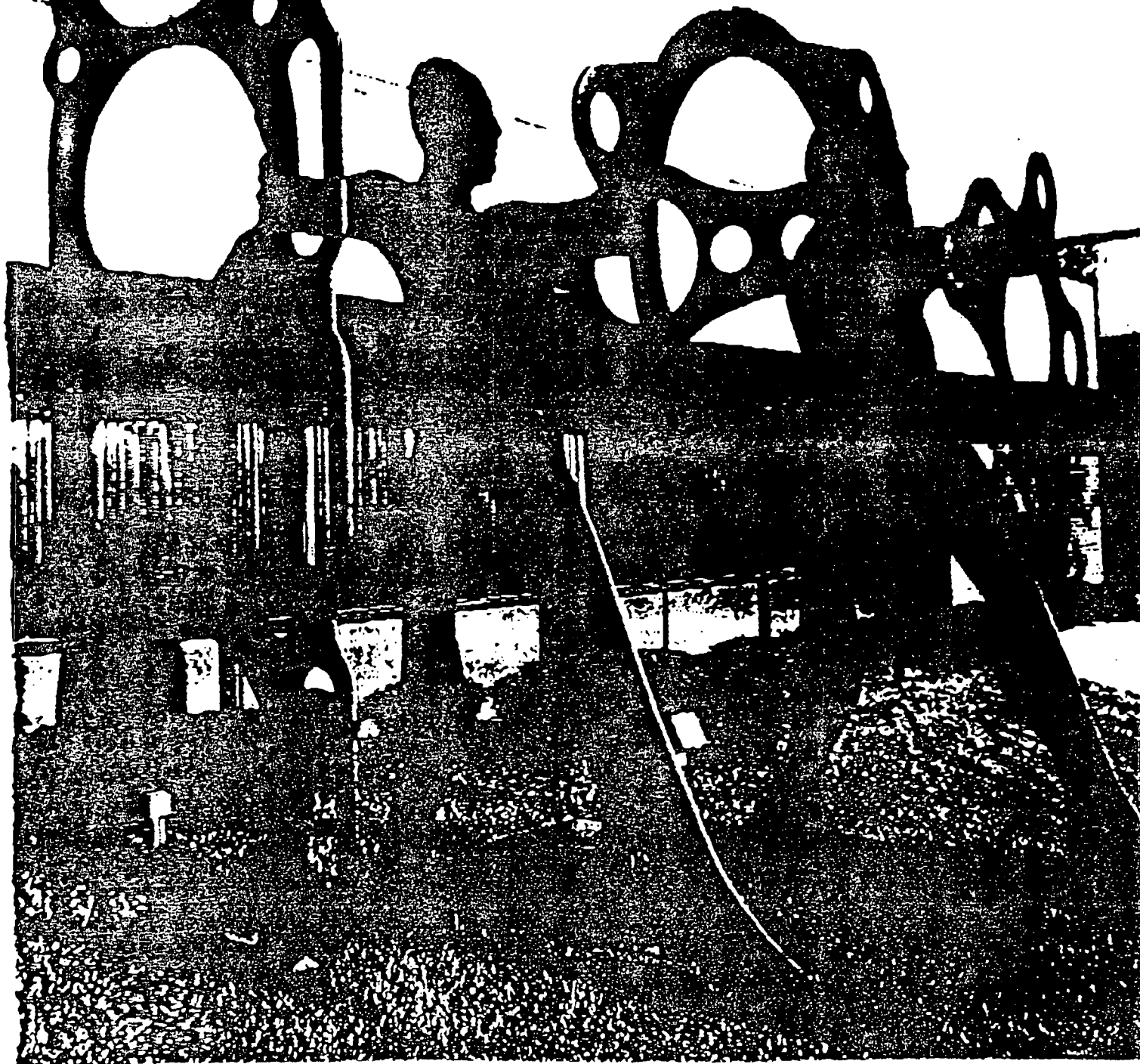
**FEL-PRO**



**F**or the past seven years, Working Mother magazine has conducted a survey to determine the best companies in the nation for working mothers. Fel-Pro Incorporated is very proud to have made their list every year. In addition, Fel-Pro has been chosen one of the top 5 or 10 best companies for the past four years.

To quote Working Mother, "The power of making our list is not unlike making the Fortune 500. We now find large corporations on the Working Mother list citing the achievement in their annual reports to stockholders and using it to recruit new workers. But more than anything, we hope this report will continue to set a standard for the way every firm in this country should operate, both to enhance bottom-line results and to improve the quality of life for all American families."

**FEL-PRO:  
Portrait  
Of A  
Corporate  
Family**



# The Corporate Family Called FEL-PRO

## THE COVER

The Fel-Pro story is one of people working together as a corporate family, melding their abilities with modern materials and processes to attain world leadership in gaskets, sealants and other related products. These working relationships are dramatized in the cover photo of Unity, a 15-foot-high, 8,500-pound Cor-Ten steel sculpture, depicting men and the gasket, created by the company's resident sculptor. The giant sculpture stands in front of the Fel-Pro plant in Skokie, Illinois.

Fel-Pro is one of the world's largest manufacturers and marketers of automotive and industrial gaskets. The lines of adhesives, sealants, specialty lubricants and elastomeric products the company makes are continually increasing and gaining market share.

Fel-Pro employs more than 2,000 people of varying ethnic and racial backgrounds who work together harmoniously in a modern air-conditioned engineering, production and office complex totaling more than one million square feet, in the Chicago suburb of Skokie, Illinois.

The corporate family called Fel-Pro had its beginnings in Chicago. In 1918, Hugo Herz left his position as a successful salesman of felt horse blankets and recruited his son-in-law, Albert Mecklenburger, to found the company. They pooled \$600 capital, rented 1,300 square feet of space, and began making felt gaskets and washers for Ford Model T cars.

By the early 1920s, their small business had grown to 8,500 square feet, and the product line included complete sets of felt, cork and paper gaskets, washers and oil seals for original and replacement automotive use.

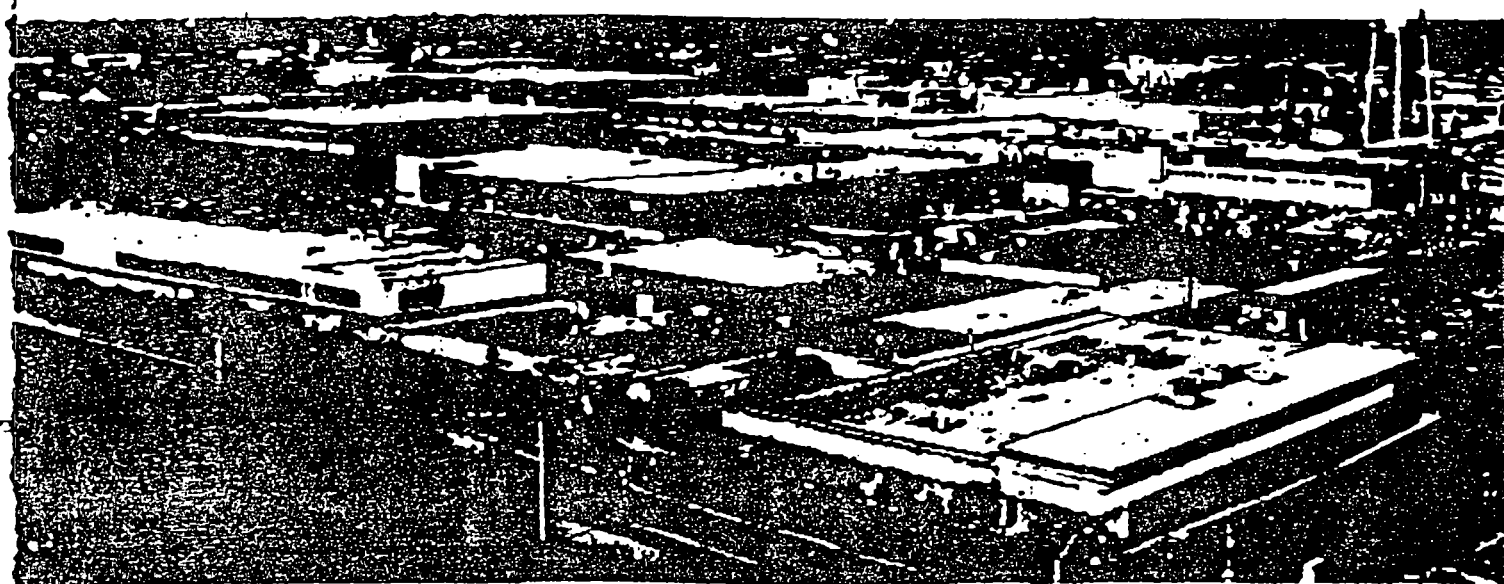
Operations branched into production and marketing of metallic cylinder head gaskets,

rubber components, thread lubricating compounds and coated gaskets. With the post-World War II boom, Fel-Pro sales grew. The company purchased its present Skokie site and began constructing its plant in 1955. Five separate Chicago locations were consolidated by 1957 into an enlarged Skokie complex where all operations are still headquartered.

Fel-Pro brand sales expanded into new markets and product areas. Felt Products Manufacturing Company became known to the business world as "Fel-Pro Incorporated" combining manufacturing and marketing responsibilities.

Two management groups, the Executive Committee and the Management Committee, continue the tradition of a family-owned, participatively managed company. The Management Committee consists of executives of the company who are not members of the founding families. These officers and implement policy on many day-to-day issues. They are also charged with developing and presenting to the Executive Committee ideas and plans for the mid- and long-term growth and development of the company.

The corporate family called Fel-Pro continues to prove that strong advantages still exist for customers, employees, suppliers and



Fel-Pro's modern, air-conditioned production, engineering and office facility in Skokie, Illinois.

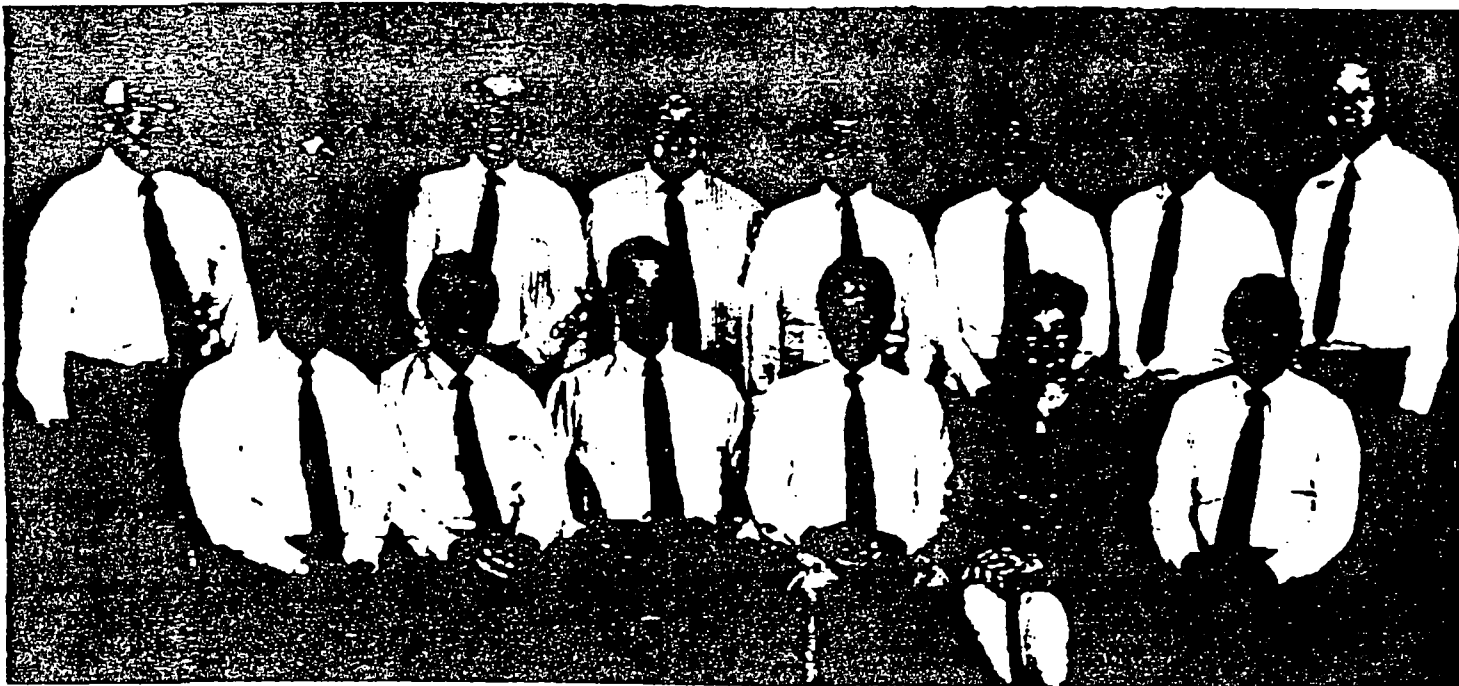
owners of a well-operated, family-owned, participatively-managed company. In an era of growing conglomeration and corporate impersonality, privately-held and family-managed companies, such as Fel-Pro, are increasingly rare.



Co-Chairman Emeritus Lewis Weinberg (seated) and Elliot Lehman nurtured Fel-Pro's philosophy of innovative leadership and excellence in products and services still adhered to today.



The Executive Committee includes third and fourth generation owners. Seated, from left, David Weinberg and Kenneth Lehman. Standing, from left, Robert Morris, Paul Lehman, Dennis Garton and Satish [redacted].



Management Committee members (seated from left) Guy Gunzberg, VP, Information Systems and Planning; Larry Carlson, VP, Manufacturing; Steve Neises, Chief Manufacturing Engineer; Moro Lister, VP, O.E. Marketing & Engineering; Amy Schuman, Director, Organizational Development; Satish Sharma, VP, Product Group; (standing from left) Dan Borland, VP, Aftermarket Sales; Eileen Heisler, Director, Corporate Quality & Continuous Improvement; Bob O'Keefe, VP, Industrial Relations; Steve Garton, VP, Chief Financial Officer; Jay Dell, Director, Materials; Mark Uslander, VP, Finance — Heavy Duty Group; Don McDowell, VP, Material Development; Dave Kaufman, Director, Distribution. Not pictured, Mike Clogg, VP, Heavy Duty Group/Chemical Products; Dan Czernik, VP, Advanced Technology; Don Sica, VP, Manufacturing.

## **FEL-PRO: Quality People**

Every successful company depends on creative, persevering, quality-conscious people. Finding, keeping and motivating such people is one of the keys to the success of Fel-Pro.

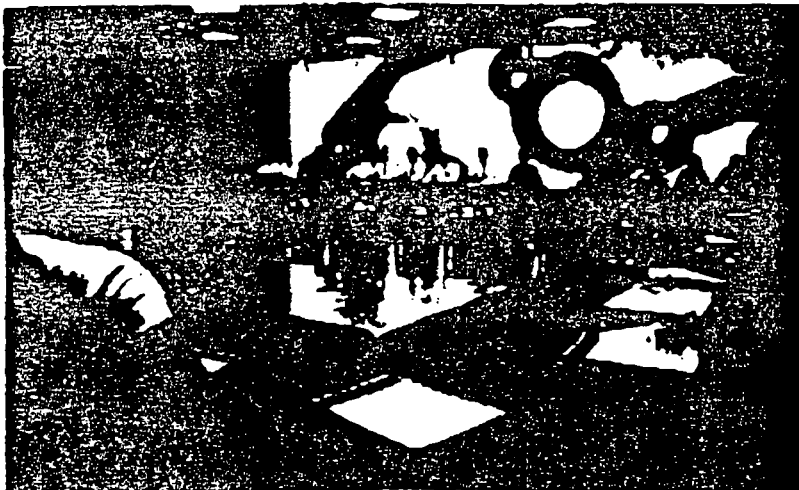
Fel-Pro thinks of itself as a corporate family. One reason is that many employees have relatives employed throughout the company, from the factory to the sales force. Fel-Pro encourages this employment practice, believing that familial ties promote employee loyalty and commitment. Sons and daughters of employees often begin their affiliation with the company as summer workers. Many go on to full-time positions. In its history, Fel-Pro has never had a work stoppage—a remarkable record of corporate growth and harmony.

Fel-Pro encourages its people to be creative, responsive and involved. Among the

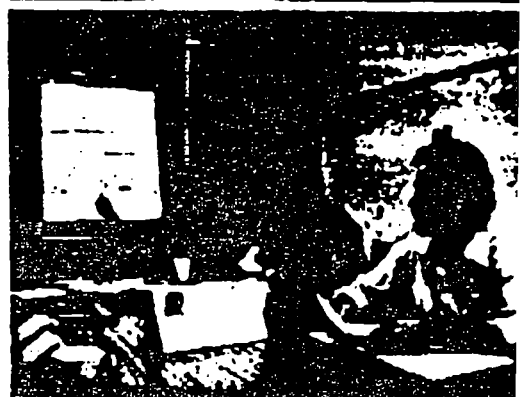
approaches employed are an "Employee Forum" and "Winners Circles."

The Employee Forum has been functioning for more than three decades! Representatives elected from each department meet monthly with top management to make workers' views known, offer suggestions and register complaints. The Employee Forum has become a cornerstone of Fel-Pro's employee relations program. It serves to assure that any employee grievance, no matter how large or small, is openly aired and resolved.

This group reviews topics ranging from how to stimulate productivity improvements to a brand of mustard served in the cafeteria. Suggestions from Employee Forum have resulted in improvement of production processes, cost savings, and advancements which have benefitted Fel-Pro customers and employees and the company.



*Employee Forum meets monthly and department representatives and top Fel-Pro management discuss grievances and company operations.*



*"Winners Circles" — Fel-Pro's version of 100% Circles — meet weekly to discuss problems and recommend actions, 98% of which are accepted and implemented.*

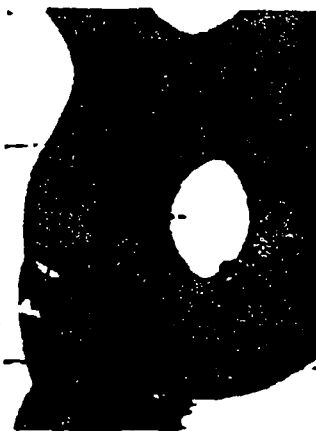
In 1984 Quality Circles were begun at Fel-Pro. Called "Winners Circles" they involve approximately one-quarter of the employees every level of the corporation. The Winners Circles recommend solutions to problems, and over 99% have been accepted and implemented.

Interestingly, the Winners Circle — a concept that recognizes that employees are the experts at the work they do — was initiated in "white collar" areas at Fel-Pro. It was not until the third year of the program that Winners Circles spread to manufacturing areas.

The goal of the Winners Circles is to have employee involvement go beyond the one hour weekly circle meeting. The meetings should produce good results at an employee's work bench, press or desk for the other 99 hours as well.

Fel-Pro employees are also encouraged to increase the total company productivity. A "Continuous Improvement Committee" was established in 1980 to review employee improvement suggestions. Since its inception, it has grown to where nearly 3,000 suggestions are reviewed each year and about half have been implemented.

The positive results of these programs to the company are returned to the employees in the wide range of benefits they share. Health insurance includes major medical, disability, sickness and accident, dental, vision and hearing care. In addition, in-plant physical fitness facilities with professional supervision help workers build and maintain good physical condition.



Children of employees often begin their affiliation with Fel-Pro as summer workers.

Professionals supervise Fel-Pro's in-plant physical fitness facilities, which are available to, and extensively utilized by, all employees without charge.



*Employee picnics and family outings are popular at Fel-Pro's Triple R Ranch.*

The company also operates a 250-acre recreational facility. Called Triple R Ranch (RRR, symbol for Rest, Recreation and Relaxation). It offers a supervised summer day camp for employees' children 7 to 15 years old, with bus service from plant to ranch and return at shift changes. The ranch includes an Olympic-size pool for family fun and garden plots for green thumbs.

Another Fel-Pro innovation is a company-operated day care center adjacent to the plant for younger children of employees. To foster advanced education, a tuition refund plan can be used by employees for special training and study. For employee children, college scholarship grants are available. For those who need it, professional legal, psychological and income tax counsel are offered free.

Employees receive one-day pay bonuses for birthday, employment anniversary, and pre-vacation...holiday and special-day gifts...and Christmas bonuses. A family wedding, high school graduation, or new baby is cause for celebration with a special check. A liberal company profit-sharing plan helps employees enjoy their retirement years.

Employees repay the company for these unusual benefits through hard work, devotion to product quality and customer service, and loyalty to Fel-Pro.

Employee turnover and absenteeism are exceptionally low. The company benefits and so do customers, who enjoy timely deliveries of quality-manufactured Fel-Pro products.

The company's programs stem from a philosophy that views employees as family members. By treating employees with decency and dignity, the company benefits from having people who are happier, more productive and dedicated to Fel-Pro's success.



*Bird's-eye view of Triple R Ranch where Fel-Pro employees relax and enjoy leisure activities.*



*Fel-Pro offers a supervised summer daycamp at Triple R for employee children aged 7 to 15, with bus service from plant to ranch and return at shift changes.*



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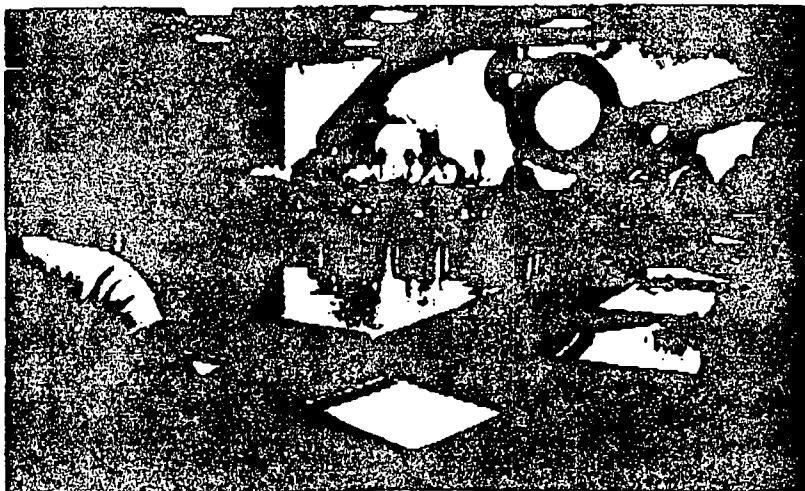
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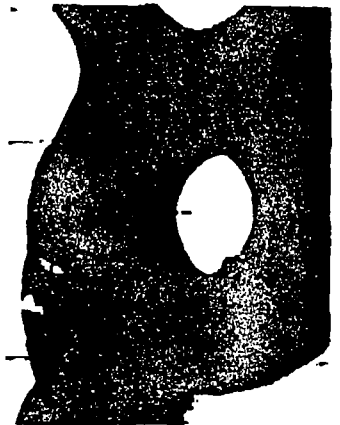
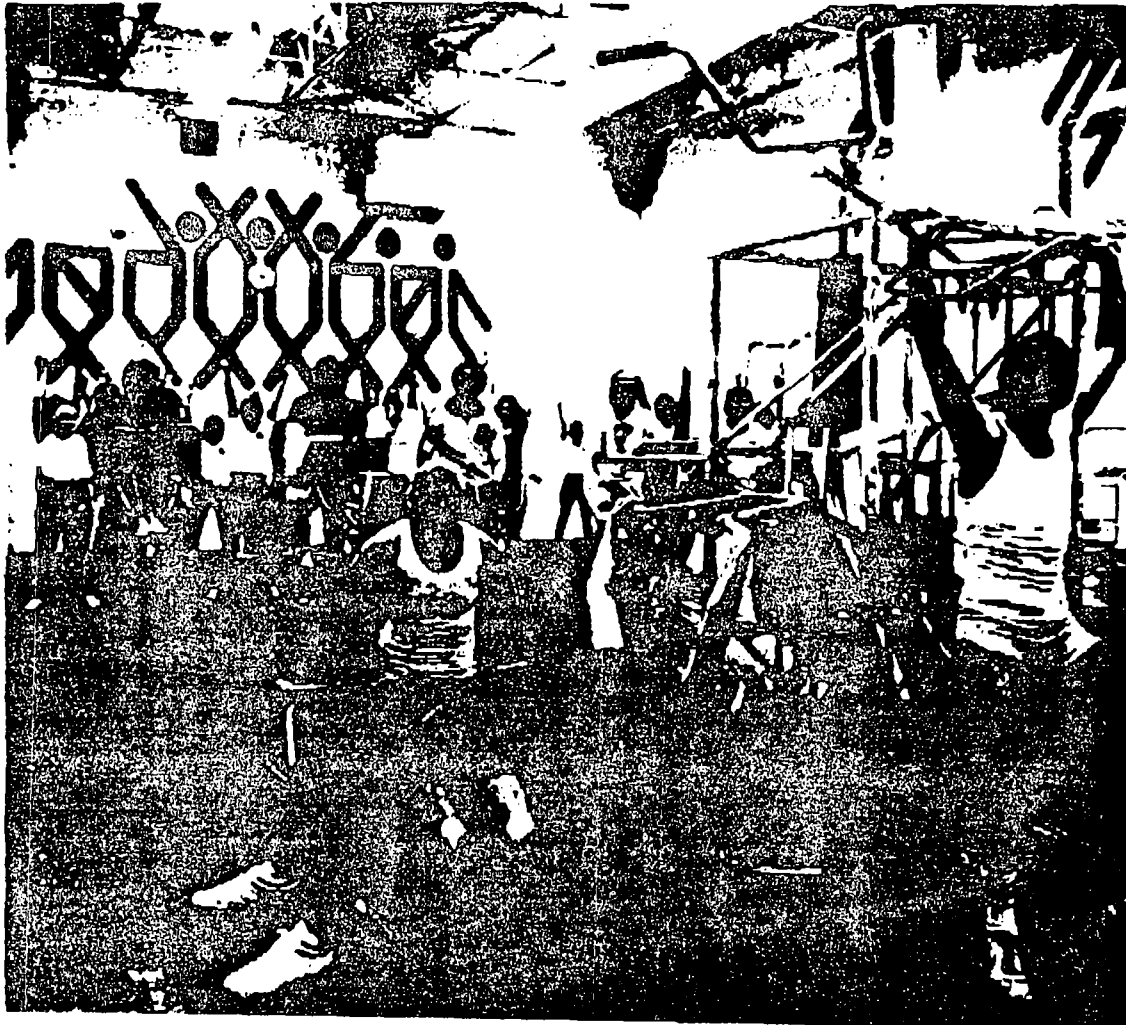
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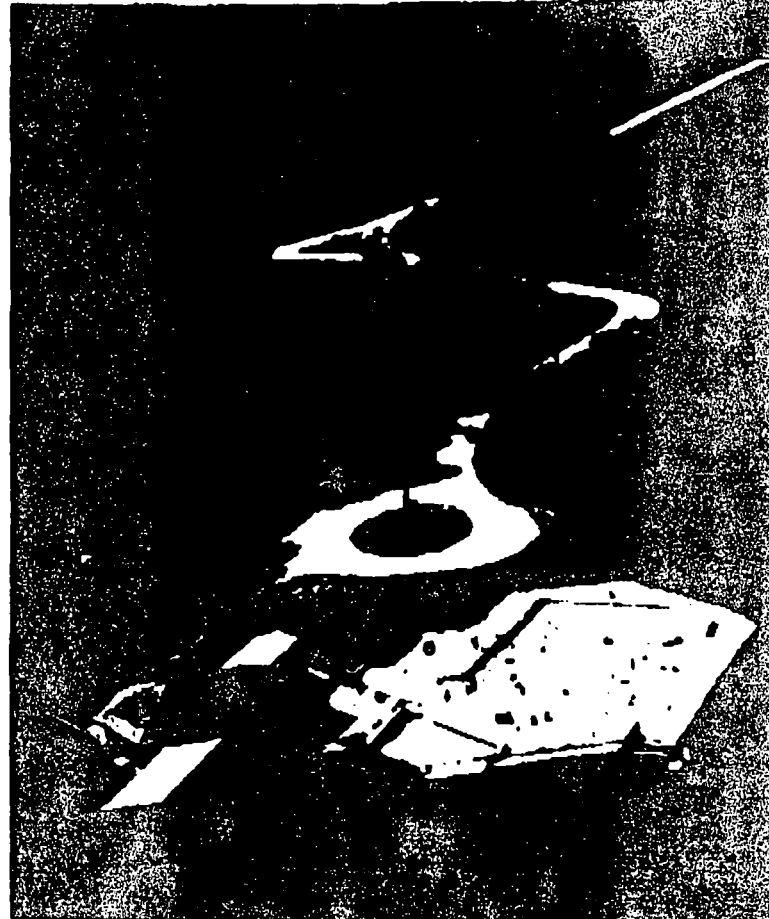
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## **FEL-PRO: Quality Products**

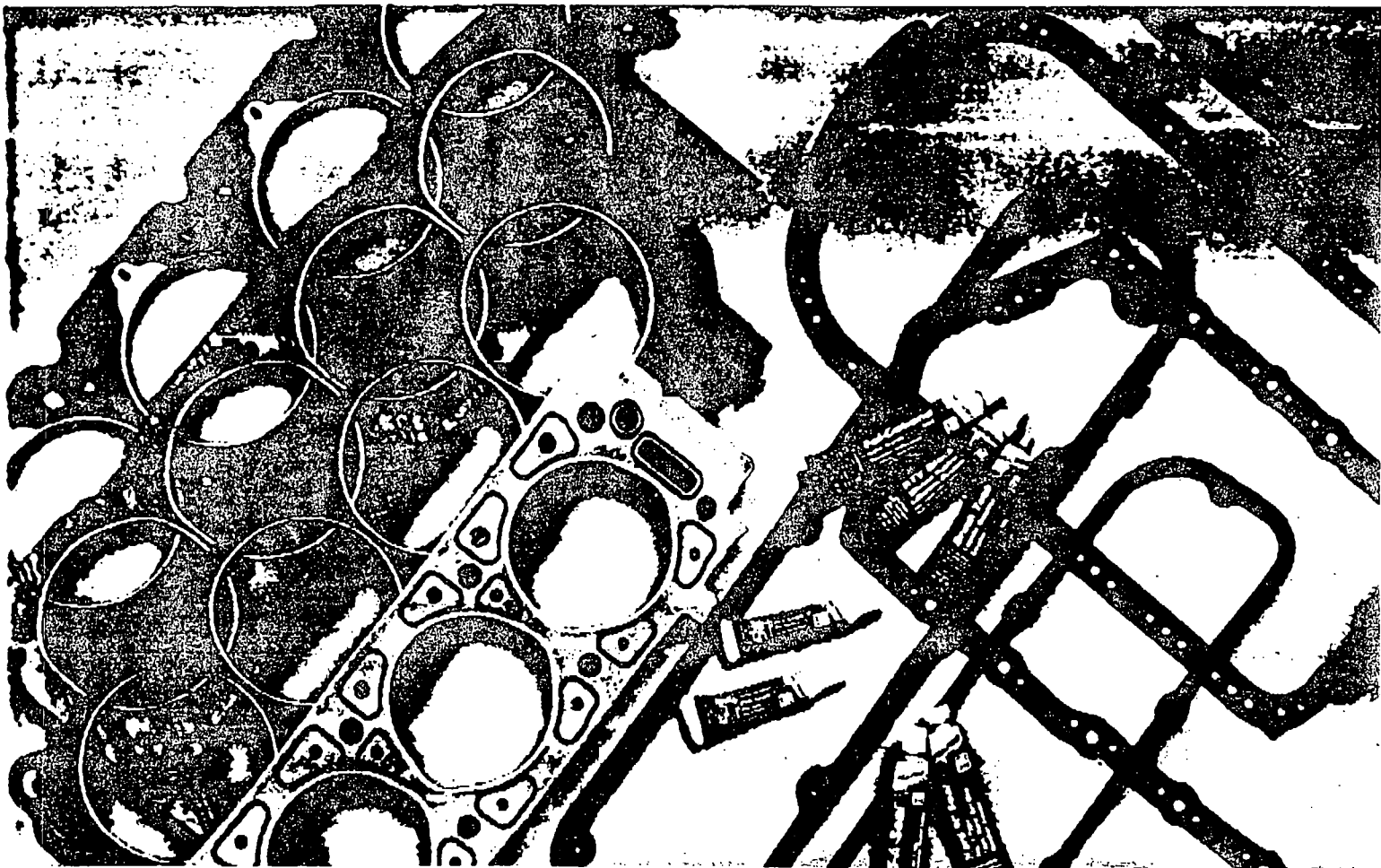
### **Gaskets**

Fel-Pro's principal line of products are gaskets fabricated primarily for use in internal combustion engines which power passenger vehicles, trucks and buses as well as farm, earth-moving, marine and other industrial equipment. Fel-Pro also makes gaskets for compressors, pumps, transmissions and a variety of other applications.

During its early years, Fel-Pro's gaskets were simple die-cut products fabricated from

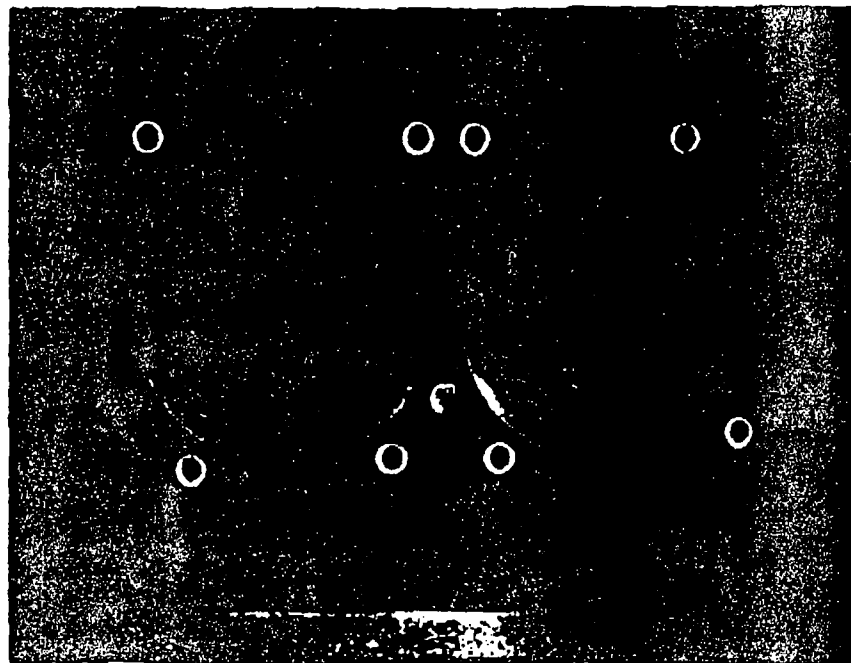
fibrous materials. However, as passenger vehicle engines increased in complexity, and as the diesel engine became the primary powerplant for heavy-duty applications, gaskets became more sophisticated products. The current generation of lightweight, fuel-efficient, pollution controlled, high-output gasoline and diesel engines has created more demanding sealing requirements than ever before.

*Fel-Pro produces the automotive industry's broadest array of mechanical and chemical sealing products.*





*Fel-Pro was first to develop a synthetic rubber gasket material, called Fel-CoPrene®, for dimensional stability in all atmospheric conditions.*



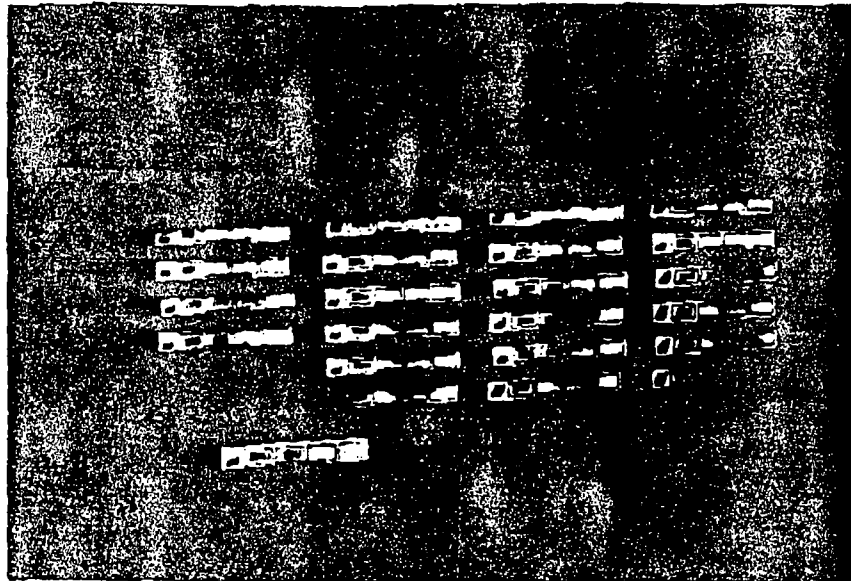
*The sophisticated design and manufacturing which go into Fel-Pro gasketing is typified by this heavy-duty truck engine gasket, which utilizes a variety of materials and techniques for optimal sealing.*

the standard by which mechanics judge gasket performance. And, they are meeting the unique demands made by race car drivers and performance engine builders.

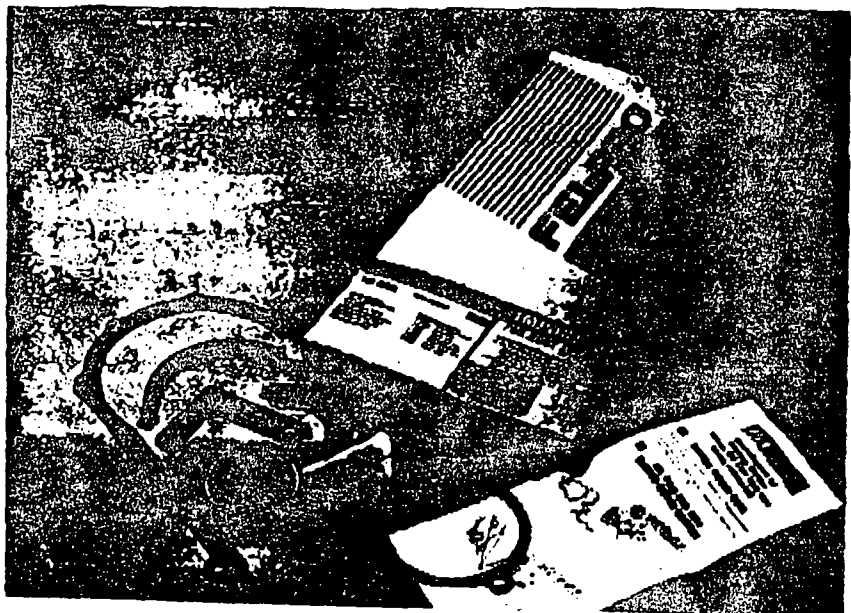
In addition to pioneering gasket-design concepts, Fel-Pro has introduced merchandising and packaging innovations that simplify parts stocking and handling of gaskets.

Fel-Pro was the first company, for example, to engineer and introduce gaskets with an expanded range of applications to reduce the inventory requirements of its customers. Fel-Pro has also been the leader in packaging assortments of gaskets in cabinets, on display boards and in display boxes.

Fel-Pro also provides full coverage and availability for all import makes and models. Over 80% of its gaskets for import vehicles are manufactured in its Skokie plant.



*Fel-Pro was first to simplify gasket stocking by packaging special cabinet assortments of more than 1,000 fast-moving items.*



*Fel-Pro Installation Tips, called FIT, assist professional mechanics and do-it-yourselfers with every step.*

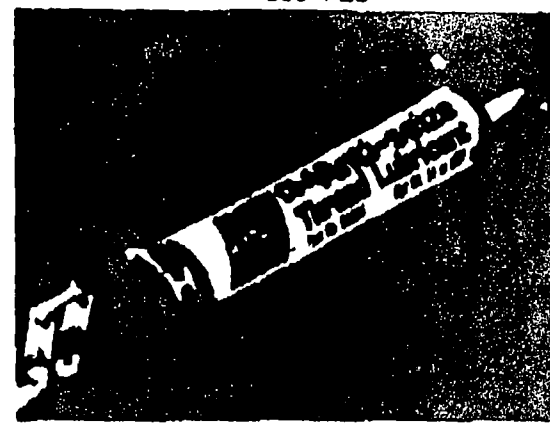
## Chemical Products

A rapidly growing part of the Fel-Pro product line is a family of functional chemicals that includes specialty lubricants, adhesives, sealants and epoxies.

Fel-Pro's first chemical product, marketed in the 1930s, was a copper-based anti-seize lubricant called C5®, which was formulated to prevent seizing and galling of threaded fittings, studs and nuts. C5-A®, an improved formulation, is still the leading anti-seize lubricant in the field.

In the 1960s, Fel-Pro introduced a line of gasket sealers and adhesives to complement its full line of pre-cut gaskets. These products, now sold through automotive channels as the Pro Line®, were applied to the surfaces of gaskets as positioning aids or as supplementary sealers.

In the early 1970s, diversification became an important company goal, and both automotive and industrial chemical product lines were broadened considerably. They now represent full lines of "chemical tools" utilized extensively in general industrial maintenance and repair as well as automotive repair and production.

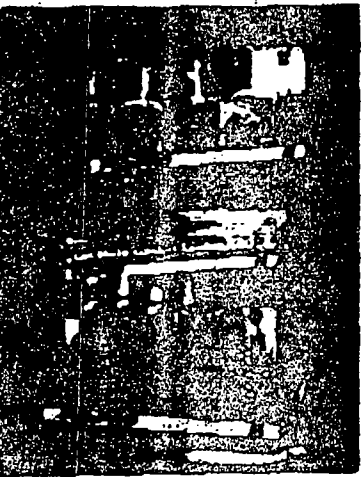


Fel-Pro's most popular industrial chemical, C5-A® anti-seize lubricant, is widely used to protect mating metal parts.

Such problems as leakage, corrosion, vibration and contamination, all commonplace occurrences in many types of mechanical equipment, are addressed by Fel-Pro chemical products.

In 1985, Fel-Pro acquired the Clover® Manufacturing Company. The marketing and production of its fluid abrasives for use in lapping, grinding, polishing, honing and sharpening components in equipment repair and maintenance was assumed by the Chemical Products Division. The addition of Clover products expanded Fel-Pro's services to its distributors. It also simplified purchases by end users as Clover Compounds have applications and customer acceptance in markets where Fel-Pro industrial chemicals are also utilized.

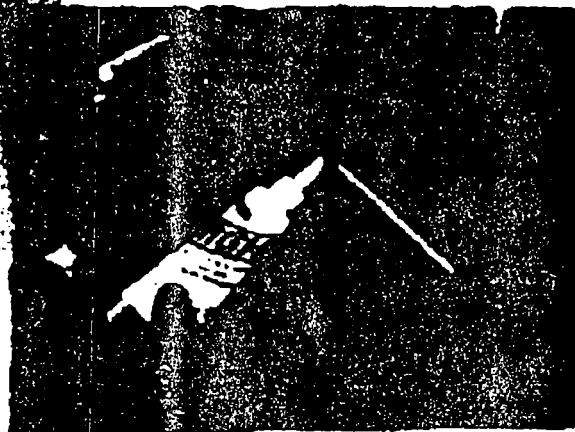
Fel-Pro "chemical tools" are used widely in automotive and general industrial applications.



The Pro Line® Seal Mats® kit contains the appropriate sealants and adhesives to assemble one engine and is a companion product to a gasket set.

Fel-Pro's chemicals and abrasive compounds can help plant maintenance and repair people save time and money and do a better job.

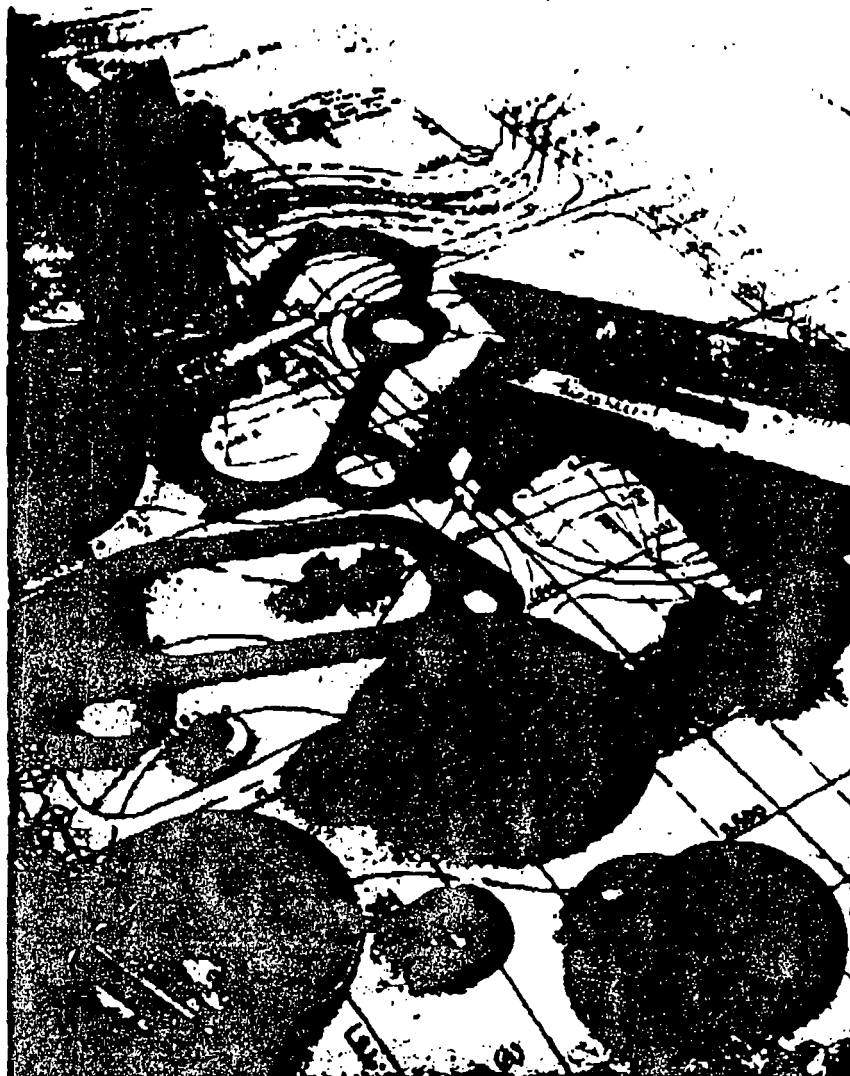




**"TIGHT"®** is Fel-Pro's newest anaerobic compound. It is a high performance, multi-purpose, no-drip gel ideal for most locking, sealing and retaining applications.

Fel-Pro formulates, tests and manufactures nearly all its chemical products, including the patented family of anaerobic locking and sealing products. Anaerobics are used to lock nuts and bolts in place and for flange sealing applications as a formed-in-place chemical gasket. Newest in the line of anaerobic compounds is "TIGHT"®, a high performance, multi-purpose, no-drip anaerobic gel.

Fel-Pro views its chemical products involvement not only as a profit opportunity, but as an important complement to its gasketing activities. Fel-Pro is the only company in the world basic in both gasketing and chemical sealing products.



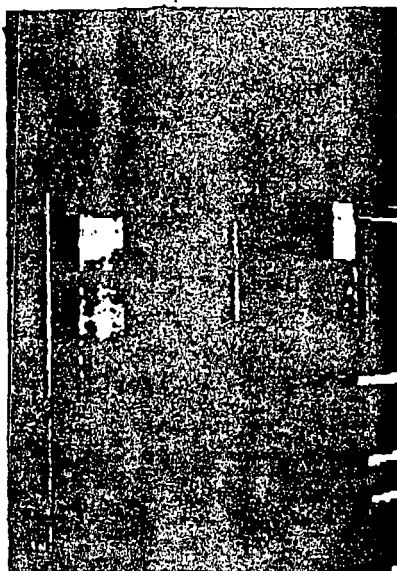
Fel-Pro designs and custom molds all sizes and shapes of elastomeric parts for sealing as well as for noise and vibration dampening.

### **Elastomeric Parts**

Fel-Pro manufactures and sells a wide variety of precision-engineered elastomeric parts. Some are included in Fel-Pro branded gasket kits and some are custom-fabricated to the specifications of a wide range of customers as original equipment.

Fel-Pro custom molds elastomeric parts in a variety of shapes and sizes. Processes used in production include compression, transfer and computer controlled injection molding. The equipment and processes utilized at Fel-Pro represent the most modern technology in rubber molding.

Since Fel-Pro is technically advanced in basic rubber compounding, adhesive formulation and metal fabrication, it is perfectly positioned for manufacturing parts combining elastomeric and structural materials.



The equipment and processes utilized at Fel-Pro represent the most modern technology in rubber molding.

## FEL-PRO Markets

Fel-Pro's largest market is the independent automotive aftermarket made up of warehouse distributors and their jobber customers who run neighborhood parts stores and machine shops. This channel sells the Fel-Pro brand of gaskets and sealants to automotive service mechanics for car and truck repairs, as well as do-it-yourselfers who maintain their own vehicles.

Serving the needs of these Fel-Pro automotive service distribution outlets is the responsibility of the Automotive Aftermarket Division.

Wherever American and foreign-made vehicles are driven around the globe, Fel-Pro sealing products are used by the people who maintain them.

Fel-Pro gaskets and chemicals are used in production of new car and truck engines and transmissions through efforts of the Original Equipment Division. Fel-Pro account managers and product engineers are prominently involved from the design stage through on-line production to help original equipment makers seal new gasoline and diesel engines for optimal performance and value. The Original Equipment Division also oversees sales of replacement parts, in either packaged or bulk form, to the service parts

division of automotive original equipment manufacturers.

Gaskets and elastomeric parts are also sold to non-automotive original equipment manufacturers for production line and service use.

The Construction Products Division markets Fel-Span® expansion joint systems to municipalities, construction supply distributors and contractors who build new bridges and fix older ones.

The Chemical Products Division works through hundreds of industrial distributor customers to sell Fel-Pro sealants, adhesives and lubricants for use in a broad cross-section of industrial maintenance, repair and production operations.



Fel-Pro's "Counter Pro Training Program" is designed to help jobber counter staff do their jobs better and offer



*Fel-Pro's Original Equipment Division has implemented state-of-the-art Electronic Data Interchange for sales to both the service parts divisions and original equipment production divisions of major gas and diesel engine manufacturers.*

*Fel-Pro's on-going quality program has been recognized by major customers.*

Worldwide, the International Division coordinates the sale of all Fel-Pro products to our entire family of customers in Central and South America, the Middle East, Europe and the Far East.

Fel-Pro maintains sales and production facilities in Canada as well as participating in joint venture and licensing operations in Europe, the Middle East and the Far East.

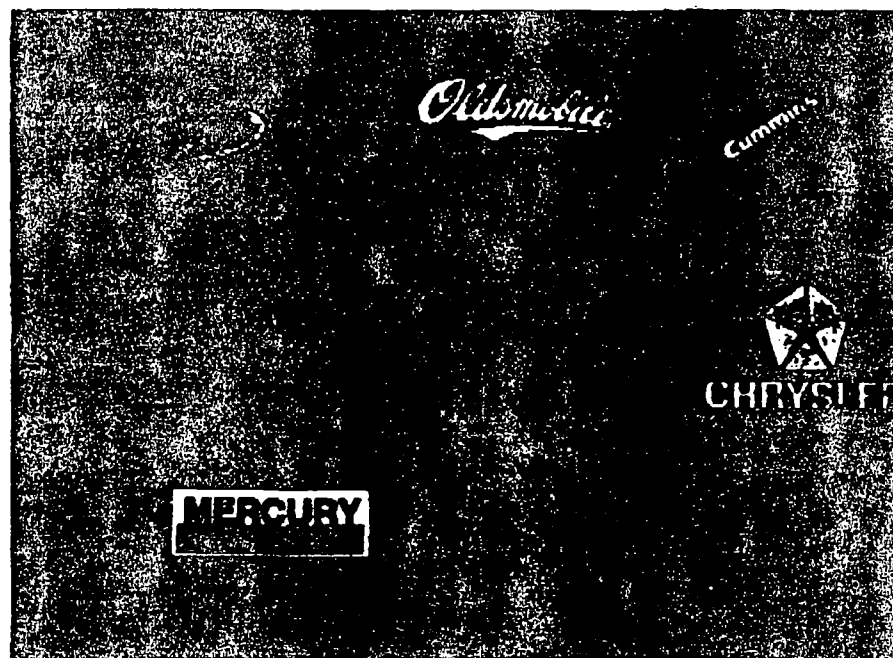
In keeping with its position as the technical leader in gasketing, Fel-Pro has recently entered into agreements with European and Japanese gasket manufacturers to add new techniques and materials to its store of technical know-how and worldwide distribution.

Fel-Pro and Eiring Dichtungswerke GmbH, of Fellbach, Germany, have introduced a new high density composite gasket material called "Fel-Ring HDC®."

Fel-Pro has also entered into a sales representation and distributorship agreement with Marusan Packing Manufacturing Co. of Tokyo.

Fel-Pro was saluted by the United States Department of Commerce with a Presidential "E" Award in 1982 for substantial export sales increases over a sustained period of years.

Recognition has also come from major Fel-Pro customers, with the receipt of the Cummins Preferred Quality Suppliers Certification, the Detroit Diesel Series 60



*Fel-Pro gaskets and chemical products are used in new engines and transmissions by many of the world's leading car and truck manufacturers.*

Supplier Award, the Ford Q1 Preferred Quality Award, General Motors Mark of Excellence and Spear #1 (Supplier Performance Evaluation And Reporting) Awards, Harley-Davidson Long Term Partner Award and Mack Trucks Pedigreed Supplier Award.

Fel-Pro has met or exceeded its customers' expectations for product quality, manufacturing expertise, responsive service, on-time delivery and quality of work life in every market served by the company.

## FEL-PRO Operations



*Fel-Pro quality assurance begins with the testing and evaluation of all incoming raw materials.*



*Quality assurance continues throughout production to testing of finished products.*

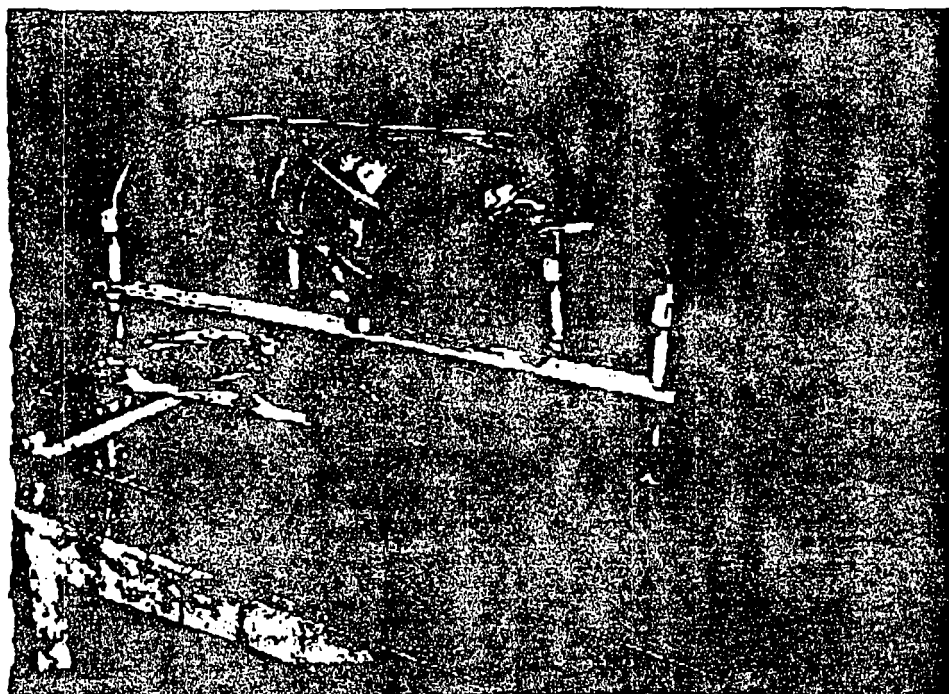
Communication and coordination are key factors in the success of any enterprise. Fel-Pro people communicate and coordinate successfully because the company fosters an atmosphere of openness and because all operations are in close proximity at the Skokie location.

Materials testing and evaluation, production engineering, tool and process engineering, and quality control...product manufacturing, packaging, shipping and handling...data processing...the multiple facets of marketing that include sales organizations, market research and planning, customer services, and product promotion...all are combined at Fel-Pro's Skokie facilities. The main manufacturing and office facility, efficiently organized and fully equipped with modern machinery and instruments, is entirely air-conditioned for maximum employee comfort.

Three divisions comprise Fel-Pro's manufacturing operations. The Metallic Division produces cylinder head and manifold gasketing made from metallic and composite materials. The Steel Rule Die Division produces gaskets fabricated of fibrous materials. The Rubber Division compounds a variety of polymer grades which are then calendered, extruded or molded into sheets or finished products. This division also produces Fel-Pro chemical products and puts them into cans, tubes and bottles.

A Packaging Division packages all categories of gasket and chemical products bearing the Fel-Pro brand name as well as brand names of many original equipment and other private label customers.

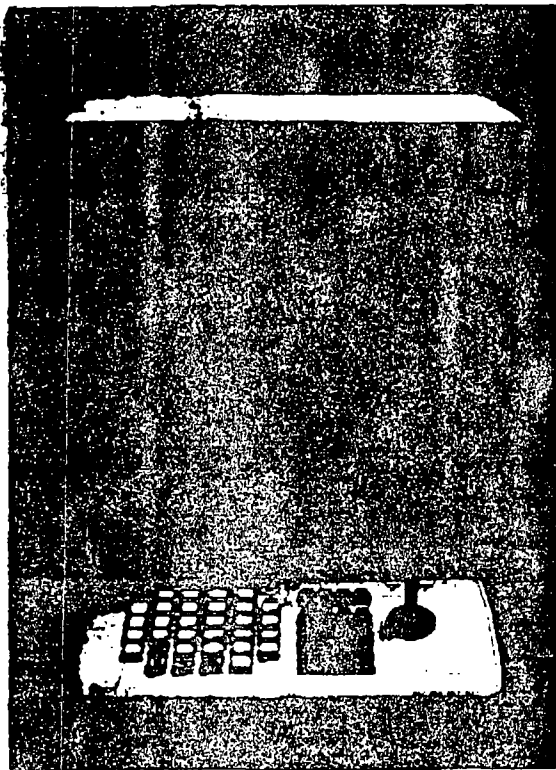
A Distribution Division receives and stores inventories of raw materials, bulk parts and



*"Robotics" are being utilized wherever possible to improve quality and productivity.*



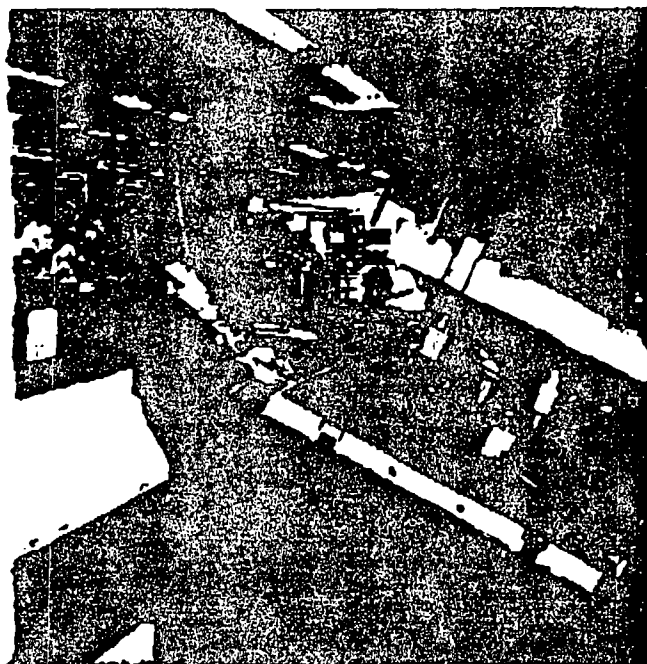
*Fel-Pro enlists the technology of a computer-directed short-run products or for product samples, eliminating the consuming and costly procedure of making*



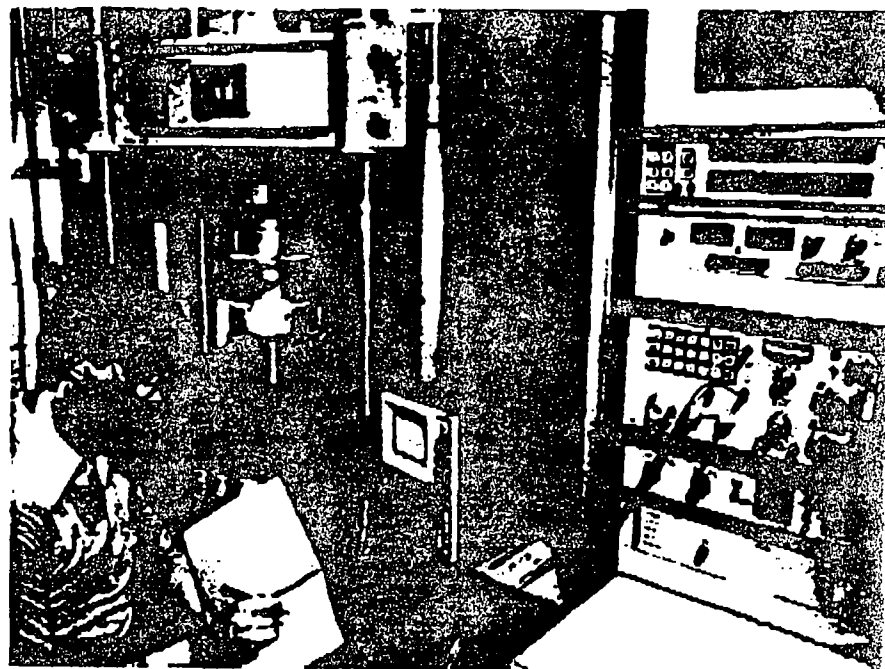
*Fel-Pro takes advantage of the latest in Computer Aided Design (CAD) and Computer Aided Manufacturing (CAM) to improve operating efficiencies.*



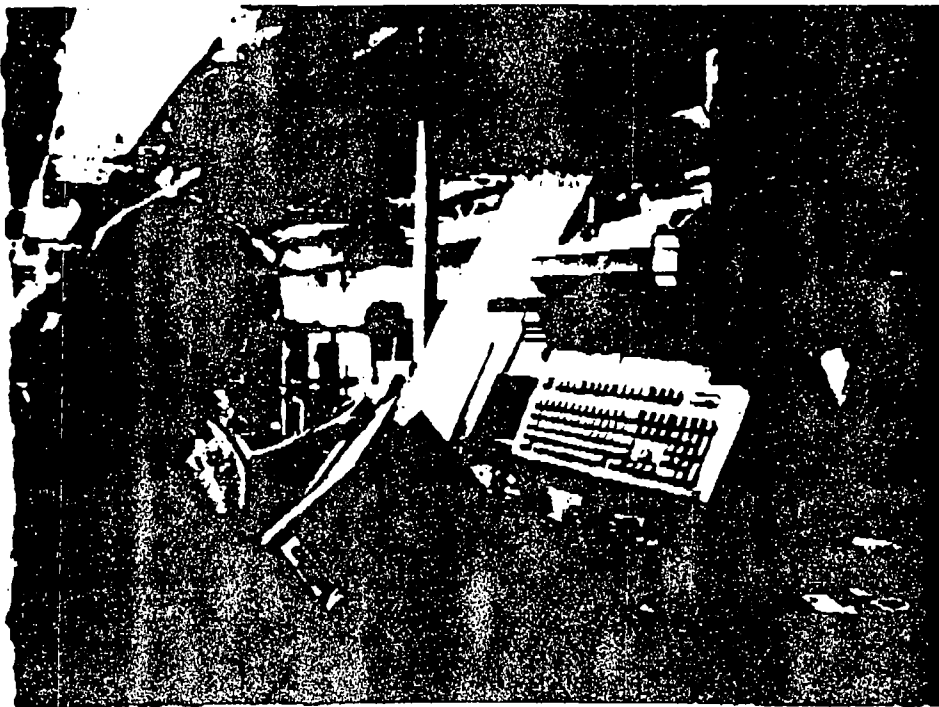
*Automotive engine sealing designs undergo dynamometer testing equivalent to years of driving use in six temperature-controlled test cells.*



*Millions of gaskets are produced in Fel-Pro's high-pressure operations.*



*Fel-Pro utilizes this sophisticated servo-feedback-controlled hydraulic system to test the forces on a gasket and determine the most effective gasket design.*



*Fel-Pro's Computerized Order Picking System (COPS) reduces the shipping cycle for customer orders.*



*PermaTorque/Blue® gaskets come out of oven with baked-on coating.*

packaged goods and prepares customer orders for shipment.

Fel-Pro operations are supported by a variety of essential staff departments. Critical to the company's success are its Materials and Chemistry Laboratory and Mechanical and Engine Testing Laboratory.

The Materials and Chemistry Laboratory formulates all Fel-Pro chemical products and rubber compounds and tests all critical incoming materials to exacting specifications. The Mechanical and Engine Testing Laboratory performs dynamometer tests and extensive field tests of all gasket designs under development.

An Advanced Technology Department was established in late 1986. The engineers and technicians within this group are devoted to solving "tomorrow's problems" in sealing and gasketing technologies.

Through such computer programs as "Finite Element Analysis," the Advanced Technology Department is establishing the basis for Fel-Pro's leadership in the 1990s and beyond.

Current production starts in a modern tool and die-making department where tool designs are fabricated by skilled craftsmen into the dies and molds needed to produce the Fel-Pro line.

Sales divisions furnish customer liaison and monitor at all times the needs of the distributors and installers of Fel-Pro products.



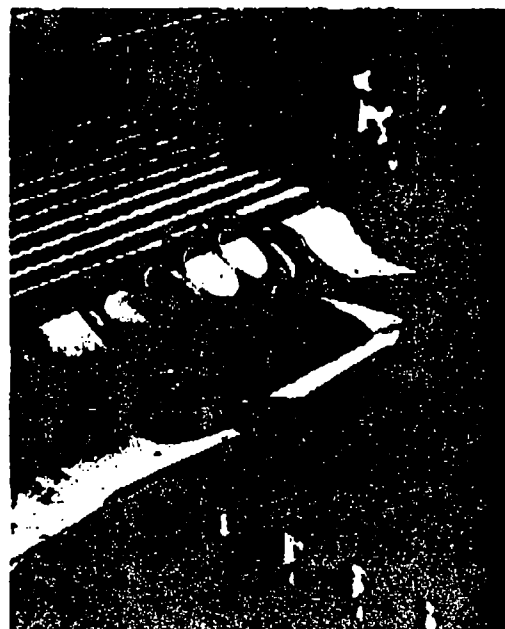
*Data processing plays a key role in Fel-Pro operating efficiencies.*

Promotion, customer communications, advertising and product cataloging are important internal functions which incorporate a complete art department, typesetting facilities and an expanded print shop.

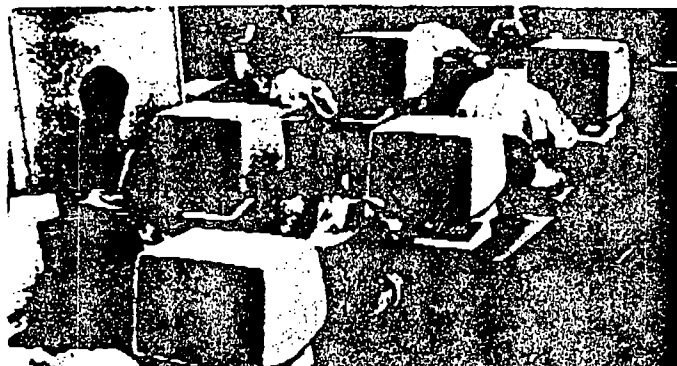
Permeating all aspects of Fel-Pro operations is an ethic of product quality and reliability. The company is heavily involved in S.P.C — statistical process control — programs and strives to design quality assurance into its products during the development stage. The assurance of product quality is considered by Fel-Pro to be a part of each employee's job.



Hydraulic stacker cranes provide efficient movement of products in and out of Fel-Pro storage facilities.



Silk-screened elastomeric sealing beads of Printoseal® gaskets are oven-baked onto gasket bodies.



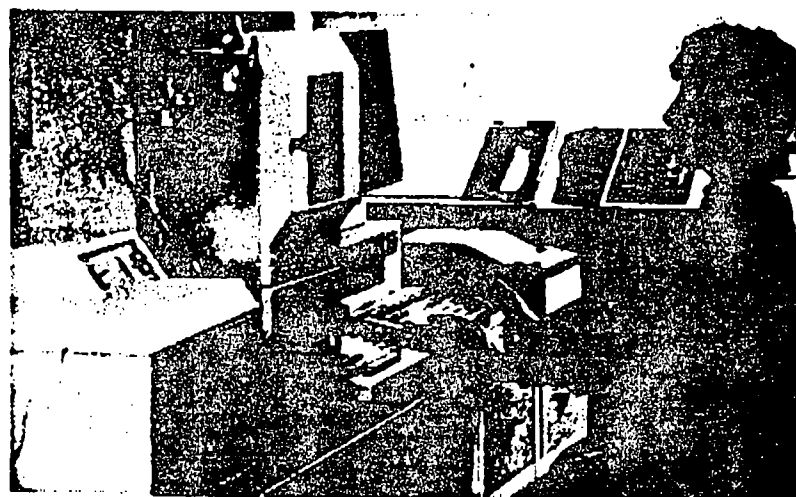
Customer orders are processed for handling at computer terminals.



Complete head sets flow down Fel-Pro's busy packaging line.



Fel-Pro chemical formulations placed in tubes for packaging and delivery.



Computerized high-performance liquid chromatograph (background) infrared testing equipment are utilized to check qualities of chemicals and coated parts.

Experienced laboratory staff develops Fel-Pro chemicals.

## FEL-PRO: An Involved Company

If there is one word that describes the Fel-Pro Corporate Family in its communities and industries, the word is involvement.

Fel-Pro is involved in the arts, civic enterprises, and charitable causes throughout its communities and in a variety of activities for the advancement and improvement of its industries.

Since 1973, a Fel-Pro resident sculptor has utilized the company's scrap and raw materials, as well as manufacturing processes, to create sculptures, mobiles and other works of art.

The company has gone beyond corporate patronage of the arts by actually incorporating art into the industrial environment. Fel-Pro artworks are displayed at community and trade functions, throughout company facilities, and at customer sites. They dramatize the compatibility of industry and art and also are a unique projection of the art and science that go into creation of Fel-Pro products.

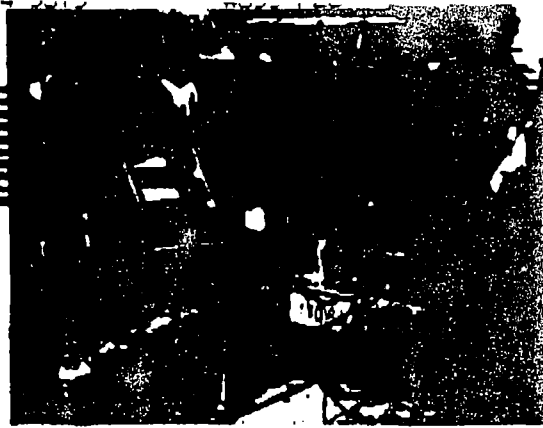
Fel-Pro employees gain stature in their neighborhoods when they sponsor local groups and organizations for donations from the Fel-Pro Better Neighborhood Fund. This fund has sponsored hundreds of projects in churches, day care centers and other local organizations to help enrich the neighborhood in which Fel-Pro employees make their homes. The fund is administered by a standing committee of employees and

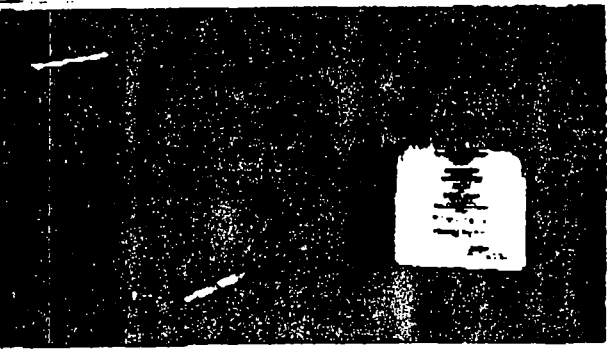
annually dispenses funds in the six-figure range.

The Fel-Pro Mecklenburger Foundation makes major contributions to metropolitan charitable causes and social service agencies. The company also offers a Matching Gift Program, which matches employees' contributions to any non-profit, tax-exempt organization. Fel-Pro employees are active in a wide range of civic undertakings, an activity encouraged by the company.

In the automotive industry, Fel-Pro was active in the development of, and has remained active on the advisory committee for Project TEAM (Training and Employment of Automotive Mechanics). TEAM is a vocational training program to help economically disadvantaged youths gain training and employment as automotive mechanics. Fel-Pro provides major financial support for this program, which simultaneously addresses both an industry problem (a shortage of mechanics) and a

*Employees function as trustees of the Fel-Pro Better Neighborhood Fund whose hundreds of projects include equipment grants to church groups, schools, and scout groups.*





*Fel-Pro's company benefit and minority action programs were recognized by the Corporate Responsibility Award from the Chicago Suburban Chapter of the Southern Christian Leadership Conference and the Minority Information Referral Center and a plaque from the Minority Economic Resources Corp.*

societal problem (youth unemployment). Fel-Pro retirees and retired auto mechanic teachers, paid by the company, are actively training trade school and junior college students through engine sealing presentations.

Several Fel-Pro corporate officers have served in positions of leadership in various industry trade associations. Fel-Pro has been honored by several local and national groups for its progressive attitudes in offering minority employment opportunities and for serving the special needs of its female employees.

In recognition of his many years of industry leadership and service, Elliot Lehman has been honored as Automotive Aftermarket Man of the Year by Motor Magazine, Automotive Man of the Year by the Automotive Warehouse Distributors Association, and has received the Triangle



*Automotive Man of the Year Award from Automotive Warehouse Distributors Association symbolizes Fel-Pro's contributions to the advancement of its industries.*

Award of the Motor and Equipment Manufacturer's Association.

One award truly salutes the success shared by all Fel-Pro people. It is the Excellence in Management Award from Industry Week Magazine, presented in 1980 to Board of Directors Co-Chairmen Emeritus Lewis Weinberg and Elliot Lehman for implementing and maintaining sound labor-management relations.

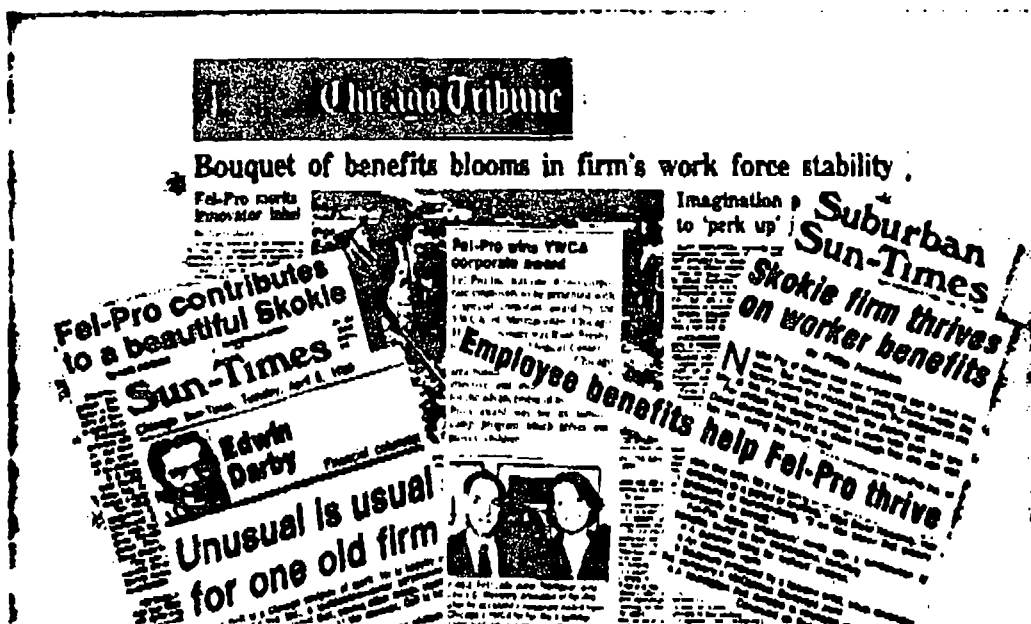
This award recognizes there is still an important place in business today for a well-operated family-owned, participatively-managed company.



*This Industry Week Magazine Excellence in Management Award is recognition of the successful participative management program that marks Fel-Pro's operations.*

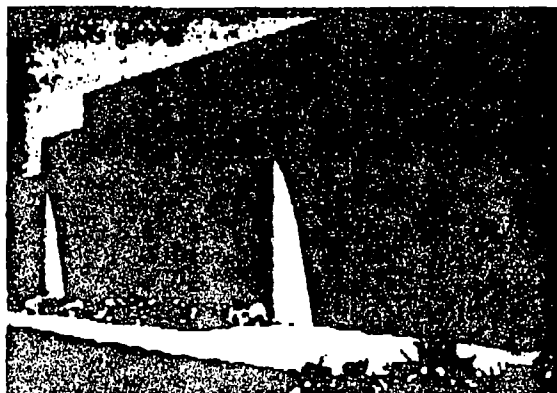
*Fel-Pro's unusual employee benefit and community programs have been the subject of newspaper and magazine articles.*

*Fel-Pro incorporates art into the industrial environment through the creations of a resident sculptor.*



# **FEL-PRO**

## **FEL-PRO: Corporate Family Members**



Phillips Gasket, Berrick Industries and Power Components, Ltd. are new members of the Fel-Pro Corporate Family.

- *Phillips Gasket*, located in Hemet, California, supplies replacement gaskets for Caterpillar engines.
- *Berrick Industries* in Huntington Beach, California, distributes replacement parts (i.e., pistons, liners, rings, crankshafts, heads) for Detroit Diesel and Caterpillar engines in the United States, Canada and Latin America.
- *Power Components, Ltd.* is located in Walton-on-Thames, England, near London. They also distribute replacement parts for Detroit Diesel and Caterpillar engines.

The combined strength of these companies gives Fel-Pro a strong position in the heavy-duty replacement engine parts market.

The name Fel-Pro has been symbolic of innovative leadership and excellence in products and services in the world of sealing and related areas since 1918. The Fel-Pro Corporate family pledges continued dedication to innovation and excellence, serving a growing family of customers worldwide in the years ahead.

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Elliot Lehman  
Chairman Emeritus  
FEL-Pro, Inc.



# Big bucks in benefits

by Monica Alexander

In over a million square feet out on 20 acres of land in Stokke, more garages for automobiles and industry are produced than at any other single location in the world. Fel-Pro, Inc. has been manufacturing and marketing them home-blender salesman Hugo Herr noticed that garages for the Model T Ford were made of the same bell as his blankets. By 1918, cars would outnumber their equestrian counterparts on the road, and the company was to grow through the decades, adding products as quickly as the auto industry added new models.

which form a corridor a hundred feet deep. A bar code system allows computers to assemble each order as boxes on a conveyor belt are automatically routed. In the records department, tens of thousands of different parts are kept on file. "You can still get a garage set for a Model T," Jacobson remarks. It is a capital-intensive business with only a few competitors nationwide.

The Stokke location houses corporate offices and marketing in addition to manufacturing. But this is not the whole picture. Fel-Pro maintains an on-site Day Care center, a company-subsidized cafeteria, a fitness center and an off-site summer camp for employee's children, with bus service scheduled to coincide with employee's arrival and departure.

"We have always encouraged people to talk to us, and we listen."

Today, Fel-Pro employs 1800 people, and the Stokke plant buzzes with activity 24 hours a day. Ed Jacobson, a 35-company veteran, explains the process — from research and development, delivery of materials, thorough stamping and assembly, to packaging order fulfillment. Jacobson explains that the many sculptures adorning the plant are made from scrap and raw materials using company processes by in-house sculptor Ted Oall. Unattended delivery cars, described "Relay," their light flashing to warn their approach, move materials around the plant, following a wire embedded in the floor. A man in the new materials storage area rides the hydraulic scissor crane, a car suspended from the ceiling that carries him up, down, back and forth between a thirty-foot high set of shelves

which form a corridor a hundred feet deep. A bar code system allows computers to assemble each order as boxes on a conveyor belt are automatically routed. In the records department, tens of thousands of different parts are kept on file. "You can still get a garage set for a Model T," Jacobson remarks. It is a capital-intensive business with only a few competitors nationwide.

But Lehman, 73, is accustomed to the gentlemanly duty of representing the company, and replies, "We are a family-owned business, and take this concept very seriously." Fel-Pro is seriously family owned — Lehman, who married Herr's granddaughter, represents the third generation. Lehman's son, and nephew run the company now, and numerous members of the fifth

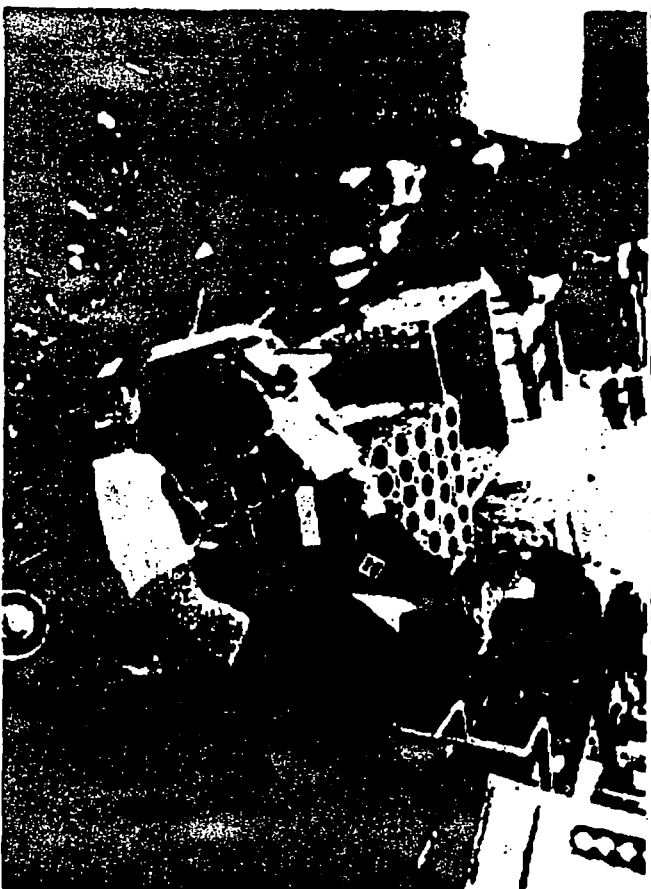
generation are in business school and are fully expected to join Fel-Pro.

This scenario is extremely unusual in American business. According to Cobble Horner, of LSI Resources for Family Business Management, a consulting firm, only 30% of family firms are passed to the second generation, 15% to the third, and a mere 1% to the fourth. But what draws the most attention to the Fel-Pro firm is the employee benefit scheme, which, in addition to the facilities mentioned, offers such extras as tuition reimbursement for employees and generous scholarships for their children. Monetary gifts are granted on special occasions, and the company even helps with legal fees when an employee adopts a child.

## Listening is key

Taking the concept of family

Turning out garages on a punch press.



ownership seriously means viewing the employee as part of a family and culture, and listening to needs, wants, and suggestions with the view that the fewer mistakes in the lives of staff, the smoother the company runs. "We have always encouraged people to talk to us," says Lehman. "And we listen. The company represents a fertile field, and when we listen, we listen as if people were planting seeds. And some of them will sprout because we feel that they're important, they're worthwhile, and we can afford them."

For 25 years Fel-Pro has held a monthly Employee Forum, where delegates representing the employees meet with management to discuss employee concerns. Twenty years ago, the company brought the acreage near Cary, Illinois, dubbed "Triple R Ranch," so that the company could have picnic and recreational breaks. Shortly thereafter, a problem

came up at the forum. "They came and they talked the problems with their kids in the summer time," Lehman recalls. "So the next thing you know, we had a day with each innovation, we at Fel-Pro are legally defined as northern: Black, Hispanic, Asian. Another large percentage, any American Indian, are such minorities at Fel-Pro, including

Although recent seen a formal Total Management program at Fel-Pro, including

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improvement groups called "Winner's Circles," the notion of developing improvements on feedback from people on the line has been around the company for years. "You have to establish a climate of intercommunication within your organization," Lehman says. "And that's what we have here. So if you come and ask me, 'What date did it start, and how did you do it?' — you know the expression, 'Things grow like topey?' He leans forward. "It just grew!"

## Just Talk

Many businesses are considering offering day care and other added benefits for employees to help alleviate some of the burden on today's two-income families. As training for the more complex jobs of today's workers makes them more valuable and expensive to replace, companies are looking for ways to increase the sense of loyalty and commitment of employees. Lehman says he gets numerous calls year from companies and organizations interested in hearing Fel-Pro's story, especially on such subjects as in-house day care. "I used to tell 'But everybody's doing this today. I read about it all the time. And they would say, 'Everybody's talking. You're doing...'"

Asked about the main hurdles in setting up the day care center, Lehman doesn't mention money, insurance, space, or additional staff. "When we toyed with the idea," he says, "we did it with some degree of intelligence and investigation. We had about 70 people say they would be interested. And when it came time to sign up, we were 22." Lehman can laugh about it now. "People change. Nobody wants their kid to be the guinea pig. Let somebody else try it first!" Today, about 45 families participate in the center.

Does the benefit package Fel-Pro offers increase productivity? Lehman shrugs. "We don't know. Nobody knows. Do we think it does? Yes. Because we live closely with our people, we have a sense of what satisfies them, and we know on the basis of common sense that if we have somebody working here, and they know their kid is being well taken care of in a lovely pastoral setting, and they don't have to be worried about being with a gang on the streets of Chicago, are they going to be more productive?

## Not everyone can

Someone in General Motors' human resources department asked Lehman once why her company shouldn't be able to do the same sort of things Fel-Pro does for their employees, and he told her, "I can't answer for General Motors, but my feeling is this: General Motors is a publicly owned firm. They have stockholders' meetings. The stockholder is going to come in and say, 'You're spending too much money for a Day Camp for your employees and you should give it to me in dividends.' What answer would I have?" She said, "What answer do you give yourself?" Lehman told her, "This is why this is a closely held corporation. We have no stockholders outside of the family, and this is what the family wants. Nobody's standard of living is going to be damaged because we've established a Day Camp for the benefit of our people. We can afford it because we know that the company is not going to start to run at a loss because we have a Day Camp."

Once at a speaking engagement, a man came to Lehman with tears in his eyes, saying he would love to do what Fel-Pro does. Lehman relates, "So I said, 'Do it!' And he said, 'I can't. We're unionized, the union says to give it to them in wages and hours, that the people will take care of it for themselves.'" Lehman throws up his hands. "Because of what it costs us on a macro basis to run Triple R, we know our employees couldn't duplicate it themselves."

## Industry Issues

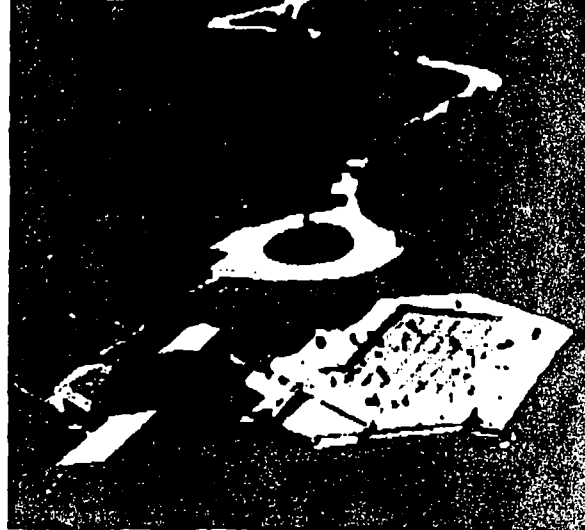
Partly because of its size and the cooperative attitude of its

workforce, Fel-Pro has withstood shocks within the industry. Asbestos, which was a material used in the company's manufacturing process because of its superior heat resistance and malleability, has been abandoned.

"We went out and found other materials," says Lehman, "and this had an impact on our profitability, because we replaced the asbestos with products that cost more and require additional treatment. And we can't get paid for that." He adds that not all of the competitors in gasketing have removed asbestos from their products. The Environmental Protection Agency has lost its case against the use of asbestos in automobile parts manufacturing. The courts have determined that it has not been proven that the costs of using other materials are balanced by the savings in health-related costs.

A factor that has had an effect on replacement parts manufacturers is that cars are made better than they used to be, and this means that repair rates are down. In recent years, many smaller gasket companies have not been able to compete in the shrinking market, and Fel-Pro has picked up market share as a result. Another balancing factor for the company arises from technological change. The four cylinder engines produced today run with far more precision and under higher pressure than yesterday's big V-8's. The increase in technology required to make gaskets that deliver the appropriate performance produces a more expensive product.

The bulk of Fel-Pro's sales is to the automobile aftermarket. The typical buyer is a parts wholesaler who supplies repair shops, service stations and dealers. Gaskets represent 2% of the replacement part in-



Triple R Ranch, Fel-Pro employee recreational retreat and camp.

dustries volume. Of that 2%, Lehman estimates that Fel-Pro has a 40% share. Most car manufacturers outsource for gaskets since the capital investment is so high, but sales to original manufacturers represent only a small part of Fel-Pro's business. "As a family-owned business, volume is not the determining factor," Lehman explains. "We would like to have a leveled-out production

cycle. You can do service. When we sell them for their line, we sell them for their service division. So the dollar goes down, the need for the three dollars continues. We're not subjected to the kinds of serious ups and downs of the business cycles you

(continued on page 34)

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# Benefits

from page 7  
have when you deal with the car factories."

The auto parts industry is currently faced with a serious threat in the form of the proposed design protection law HR1790, which would give a virtual monopoly on the sale of replacement parts to the manufacturers of the engines for ten years. Service people would be required to go to the original manufacturer for parts. The authors of the bill, House majority leader Richard Gephardt and minority leader Robert Michel, claim that America is being flooded with cheap import parts, and that the patent laws are not strong enough to protect manufacturer's inventions.

"There is major industry activity mounted to defeat this," says Lehman. "We have a myriad of arguments that say this is phony baloney. First of all, we're telling them that this is a multi-billion dollar industry that will disappear, and that would cause all sorts of unemployment. And we tell them that much of the components that the engine manufacturers using are already coming in from overseas. Finally, in enacting this bill they would be granting manufacturers a monopoly, which is contrary to all of our constitutional philosophy. Each car manufacturer would have a monopoly."

To Fel-Pro, a company whose primary business involves producing gaskets for cars made by virtually any manufacturer, this legislation would have a devastating effect. The company has thus far been reluctant to court manufacturers in order to get a larger share of the original manufacturing market. The desire to remain free of the vagaries of the new car market contributes to this reluctance, but there is something more. "The kinds of economic pressure brought to bear (on the suppliers of original parts to car manufacturers who buy them)...they really work you over, in terms of pricing, terms, service. There is a whole mystique involved that says, 'You're my partner.'" He rolls his eyes.

## Into the future

Fel-Pro's founder made his fortune because he found a way to use his experience and connections in the felt business and apply them to the newly developing auto industry at a time when horse blankets had seen their day as a household item. Fel-Pro is an expanding

action which has been involved in exporting. "In going global," Lehman says, "right away you get involved in things you never got involved with before, like what's the dollar worth, or should we make the purchase in dollars or in local

currency. Since corporate culture is so important to us, we have to be concerned with that — what are their local standards, and if their local standards are not up to our local standards, what do we do about that?"

More recently, investments are being made in manufacturing facilities overseas. "A lot of people won't buy from you if you don't," says Lehman. Tariffs and other barriers intended to discourage the sales of imports prohibit many man-

ufacturers from attempting to do business in other countries whose governments prohibit it as a way to protect their own market, albeit an option open

continued on page

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# Benefits

(continued from page 38)  
larger companies. Asked whether Fel-Pro would import foreign-made parts to the U.S., Lohman says, "We have yet done that, but I wouldn't rule it out, considering the free trade thing that's going on. There is no gain-saying," he adds, "that the world is becoming global."

## The I.C. engine will be here for a long time to come.

Another trend of interest to Fel-Pro is the future of the gasket market. The company's research department recently completed an in-house document the future of the internal combustion engine. Marty Novil, Supervisor of Market Research, says that the internal combustion engine will be with us for a long time to come.

Electric cars do not require gaskets, but technology has a great many hurdles to overcome before it will be viable on a mass scale. Those hurdles, says Novil, include the high price of batteries and the problems with recharging them. "Even if," he says, "among the 12 million cars sold in the U.S. per year, 10% used some kind of different engine, the cumulative effect on the aftermarket would be felt until the year 2005." Novil points out that by "different" he means engines utilizing fuels such as methane, propane, alcohol, and natural gas in addition to those run by electricity. The trend toward production of engines that use cleaner burning fuels, combined with technologies that produce continually more efficient and smaller engines will continue, Novil asserts, "and engines which burn alternative fuels require gaskets."

Market trends that most concern Fel-Pro's research people center around other issues, Novil notes. Due to the

proliferation of car makes and models entering the marketplace, the company, which currently produces 8000 different gasket sets, must add 700 new sets this year. "This brings up issues like: do we make or buy?" says Novil. "And how do we test them all, and get them into the box?" Cars are built better and last longer than they used to, and this trend is expected to continue. Gaskets made for original manufacturers are being developed that are expected to last the life of the engine. "Potential low volume in the future because of these changes is a more important issue to us than competition from electric engines," Novil says.

Looking at these projections, it seems that Fel-Pro may be destined to embrace more relationships with original manufacturers. In doing that, legislation protecting patents would benefit the company, and a shrinking aftermarket would become less important. And the importance of "going global" should not be underestimated; think of all the households in developing nations that sooner or later will be buying cars as their standard of living rises. Regulation in those countries

may well take some time, as the automobile's impact is felt only after a certain saturation level is reached. It will be interesting to see how the Fel-Pro family values will develop, as those families involved stretch across the world.

## Wise Words

I sometimes think that God in creating man somewhat overestimated his ability.

Oscar Wilde

The superior man understands what is right; the inferior man understands what will sell.

Confucius

Millions of people long for immortality who do not know what to do with themselves on a rainy afternoon.

Susan Ertz

Spend the afternoon. You can't take it with you.

Annie Dillard

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## Going Up

On Monday, September 28, the price of the daily Tribune rose from 35 cents to 30 cents. The price of the Sunday edition remained unchanged at \$1.50. Home delivery prices were also affected. The last increase came on April 4, 1988, when the cover price went from 25 cents to 35 cents. The new raise came about because of a rise in production and distribution costs. The newspaper in business for 145

FEL-PRO'S POLICY ON FAMILY LEAVE

Fel-Pro's family leave provides unpaid leave of absence to male and female employees for personal reasons, such as care for a newborn child, care for seriously ill children or elderly parent, or adoption of a child.

With the consent of your supervisor and the Personnel Office, you may take up to three months of family leave with no pay. Full benefits continue during family leave. Following a family leave, Fel-Pro will guarantee your job.

# Withdrawal/Redaction Marker

## Clinton Library

| DOCUMENT NO.<br>AND TYPE | SUBJECT/TITLE                                       | DATE   | RESTRICTION |
|--------------------------|-----------------------------------------------------|--------|-------------|
| 003. fax                 | From: Dave Kelly, To: Kim Tilley [partial] (1 page) | 2/3/93 | P3/b(3)     |

### COLLECTION:

Clinton Presidential Records  
First Lady's Office  
Liz Bowyer  
OA/Box Number: 5432

### FOLDER TITLE:

[HRC Daily File] Thursday February 4 [1993]

2014-0483-S  
sb320

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

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PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

#### Freedom of Information Act - [5 U.S.C. 552(b)]

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- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

## NATIONAL SECURITY COUNCIL

2/3

To Kim Tilley

This is the draft  
Statement I mentioned.  
I've asked CIA Protocol  
[redacted] (b)(3) to fax you  
their plans as we discussed.  
Please call if I can assist  
further

Dave Kelly  
ext. 3371

## DRAFT PRESIDENTIAL STATEMENT TO BE READ AT CIA MEMORIAL SERVICE

I was deeply shocked by the tragedy that struck outside CIA Headquarters, taking the lives of two outstanding citizens and public servants. My profound sympathy goes out to the loved ones of Lansing Bennett and Frank Darling. To their gravely wounded colleagues, I send my heartfelt wishes for a complete recovery. With all of you, I feel the sorrow and the loss you have experienced.

And let me thank you for the unique service that the Central Intelligence Agency provides to this nation and to the cause of freedom. I know the risks that CIA officers frequently are asked to take in hostile environments far from home. It is all the more outrageous when an act of senseless brutality, not unlike the terrorism we seek to combat throughout the world, strikes at home, at two devoted colleagues. As we mourn their death, we remember their lives and the cause they served. Their nation is forever grateful for their service and the continued service of all CIA employees.

# Withdrawal/Redaction Marker

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| 004. note                | Handwritten Notes [partial] (2 pages) | nd   | P3/b(3), b(6) |

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SEAN ~~Parangul~~ ~~Parangul~~ X 6534  
Dep Ex Sec

Williams

~~scribbles~~

Tell real 1. Egyptian official - Edmund HULL X 3950  
2. Ray B. Frost - BC 004 3950

3. CIA funeral - George Tennent X 3334  
4. Senate Mtg - Melanne - Henry  
5. New Members - Ann Stach / Joyce  
Senior Dir for Int Prog.

CIA Dave Kelly - funeral HRC solo  
Protocol working up a script & scenario  
(b)(3) 004 agenda got list seating  
being sent this aft.

• Tony Lake has draft "Pres. stmt"  
to be READ - unclear who has it

• CIA Protocol -  
Adm Wm Stodeman // James Woolsey  
went through hrs yesterday; uncontentious

(b)(3) 004

MELANNE

3 hours

Marsha Halo > contact  
X 2328 Dawn

Egypt.

Edmunds Hull x 3950

Mrs. Mubarak

(b)(6)

004

004

(b)(6)

\* leaving FRIDAY

\* BC has 7A

Excellent English, childrens  
work; from personality in  
strong respects; most in in  
ch

backgrounds &

Egyptians would be delighted;  
more publicity, more demands  
to meet w/ Mrs. Eisenhower

NSC - no

mail coming

Date: FEBRUARY 3, 1993

RESIDENCE EVENT TASK SHEET

Type of Event: RECEPTION FOR NEWLY APPOINTED MEMBERS OF CONGRESS

Date: THURSDAY, FEBRUARY 4, 1993 Group: NEW MEMBERS OF CONGRESS

Site: EAST ROOM Rain Site: SAME

Guests: 250 Dress: BUSINESS Time: 5:00 PM to: 6:30 PM

Entry: VISITORS ENTRANCE Exit: EAST ENTRANCE

Parking: yes ☒ no ☐ Location: EAST EXECUTIVE AVENUE

Chairs: NO Tables: 3 Platform: 8 X 12 EAST WALL CENTER

Place Cards: yes ☐ no ☒ Handouts: yes ☐ no ☒ Site:

Special Instructions: TABLE IN CENTER OF ROOM FOR HORS-D'OEUVRES, BEVERAGE TABLES  
TO BE CENTERED ON SOUTH AND NORTH WALLS.

Food/Beverage: FULL BAR, HOT AND COLD HORS-D'OEUVRES

Serving Time: 5:00 PM Location: EAST ROOM

Principals: THE PRESIDENT & MRS. CLINTON Site: EAST ROOM/BLUE ROOM

from: 5:15 PM to: 6:15 PM Remarks: yes ☒ no ☐ Time: 5:20 PM

Receiving Line: yes ☒ no ☐ Time: 5:25 PM Site: BLUE ROOM

WH Photo: yes ☒ no ☐ Time: 5:15 PM General Edit: yes ☒ no ☐

Social Aides: 6 Carriage Call: yes ☐ no ☒ Door Openers: yes ☐ no ☒

Podium: yes ☒ no ☐ Type: TOAST LECTURN Location: CENTER-PLATFORM

Announcer Mike: yes ☒ no ☐ Other Mikes: yes ☐ no ☒ Site:

Recording: yes ☒ no ☐ Other requirements:

Honors: yes ☐ no ☒

| Type of Music/Entertainment | Site        | Time    |
|-----------------------------|-------------|---------|
| MARINE JAZZ COMBO           | GRAND FOYER | 4:45 PM |
|                             |             |         |
|                             |             |         |
|                             |             |         |
|                             |             |         |

Staff Contact: ANN STOCK/ JOYCE BONNETT phone: 7136  
Outside Contact:  phone:

Reimbursable: yes ☐ no ☒ Bill:

NOTE: GUESTS WILL BE INVITED TO ARRIVE EARLY  
AT 7:00 pm FOR A TOUR OF THE STATE FLOOR.  
AT 7:30 pm THEY WILL BE ESCORTED TO THE  
RESIDENCE.

ate: FEBRUARY 3, 1993

RESIDENCE EVENT TASK SHEET

Type of Event: DINNER

ate: WEDNESDAY, FEBRUARY 3, 1993 Group: PRIVATE DINNER WITH HOUSE GUESTS

ite: SECOND FLOOR RESIDENCE Rain Site: SAME

Guests: 15-20 Dress: BUSINESS Time: 7:30 PM to: 9:30 PM (APPROX.)

Entry: SOUTH WEST GATE Exit: SAME (HOUSE GUESTS)

Parking: yes ☐ no ☒ Location: \_\_\_\_\_

Chairs: 15-20 Tables: 1 Platform: NO

Place Cards: yes ☒ no ☐ Handouts: yes ☐ no ☒ Site: \_\_\_\_\_

Special  
Instructions: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Food/Beverage: REFRESHMENTS, FULL DINNER MENU

Serving Time: 7:30 PM PASS DRINKS IN SECOND FLOOR Location: HALLWAY

8:00 PM SERVE DINNER IN DINING ROOM

Principals: THE PRESIDENT & MRS. CLINTON Site: SECOND FLOOR RESIDENCE

from: 7:30 PM to: 9:30 PM Remarks: yes ☐ no ☒ Time: \_\_\_\_\_

Receiving Line: yes ☐ no ☒ Time: \_\_\_\_\_ Site: \_\_\_\_\_

WH Photo: yes ☒ no ☐ Time: 7:30 PM General Edit: yes ☒ no ☐

Social Aides: NO Carriage Call: yes ☐ no ☒ Door Openers: yes ☐ no ☒

Podium: yes ☐ no ☒ Type: \_\_\_\_\_ Location: \_\_\_\_\_

Announcer  
Mike: yes ☐ no ☒ Other Mikes: yes ☐ no ☐ Site: \_\_\_\_\_

Recording: yes ☐ no ☒ Other requirements: \_\_\_\_\_

Honors: yes ☐ no ☒

| Type of Music/Entertainment | Site                        | Time           |
|-----------------------------|-----------------------------|----------------|
| <u>MARINE PIANIST</u>       | <u>SECOND FLOOR HALLWAY</u> | <u>7:15 PM</u> |
| _____                       | _____                       | _____          |
| _____                       | _____                       | _____          |
| _____                       | _____                       | _____          |

Staff Contact: ANN STOCK/ ANN MCCOY phone: 7136  
Outside Contact: \_\_\_\_\_ phone: \_\_\_\_\_

Reimbursable: yes ☒ no ☐ Bill: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_