

Driving Business Through the Downturn

"We'd appreciate it if you'd buckle your seat belts, folks. We're into a little bit of 'chop'," said the man speaking over the intercom.

It was the kind of slightly laconic, self-assured voice I like airline pilots to have. I tugged at the webbing around my waist and continued scribbling a few notes as Northwest Flight 11 tap-danced through some turbulence on its way to Japan. Time for the Tokyo Motor Show, the auto industry's bi-annual gathering in Tokyo. Also on the agenda is a trip to Honda's R&D complex at Tochigi. I've been looking forward to this trip — the Tokyo show is always my favorite for its sheer uniqueness, and the Honda visit includes a look inside the automaker's fantastic new crash-test facility. It's the first time since Sept. 11 that I've traveled by air, and I'm stoked. Time to get back into the swing of things in this most global of businesses.

As readers well know, it hasn't been an easy thing to do. The news in the industry, like that in much of the U.S., is bearish for many and downright bleak for some. Dana Corp. will cut its workforce by more than 11,000 and close or combine 30 facilities worldwide. TRW Automotive is on the block. There's talk of numerous other suppliers, large and small, preparing to be spun off, swallowed up or just struggling to squeeze out profits in an increasingly uncertain auto market. The climate is also tough for the automotive media; last month the magazine *Crain's Automotive International* folded. Some advertisers are "going dark" until confidence rebounds.

But while it's natural to be fearful, it's also easy to forget that North American automakers may squeak

out a 16-million unit year. Delphi CEO J.T. Battenberg believes in that number, and, if it happens, it'll be a decent performance in retrospect. As I write this in late October, the companies with the strongest product lines are realizing the best sales. General Motors is going gangbusters thanks to trucks and zero-percent financing; its October selling rate is near an 18-million-unit annualized rate. GM looks to pick up about 1.5 points of market share. BMW, Honda and Toyota are faring better than most as well.

What should suppliers be doing? They should practice the advice from two growing companies that are winning in this seemingly depressed market.

Both companies appear to be polar opposites. One of them is a "traditional" vendor, with a giant factory based in gritty Detroit. Its veteran CEO, Dick Dauch, could knock heads with an NFL lineman and come up grinning. The other company, based in collegiate Ann Arbor, Mich., represents the "soft" side of the supply chain. Its cerebral CEO, Jacques Habra, started the company six years ago as a University of Michigan student with \$500 capital. He and his staff of 40 now count major automakers and suppliers among their customer base.

Dauch's company — American Axle & Manufacturing Corp. — applies technology. Habra's company — Web Elite, an e-business developer — creates it. WE specializes in automated online business processes that are stunning in their sophistication and ease of use.

Opposites? No way. You may not need safety glasses inside Web Elite's headquarters, an artfully con-

verted former movie theatre. But there's a common philosophy that drives both Dauch and Habra and their teams. "Three things always separate the winners from the rest in this industry," Dauch asserted during a press conference last summer. "Innovate. Keep improving quality. And continue to offer cost-reduction solutions."

Habra's probably never met Dauch, but he reiterates that same mantra. "We're about saving companies money — not boosting our own market share. We do it by being innovative and having robust products. That's what it's about for us everyday," he says.

So buckle up for the downturn. It'll be a bumpy ride. Just don't lose sight of how to drive your company through it. A couple of very "different" companies are doing it today. ■



Don't blink now — North American automakers may squeak out a 16-million-unit year.

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