

# The Auto Sun is Rising

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***David is to be returned to Italy  
A bit of cultural news for a welcome change!***





***His Proud Sponsors were  
Fast Food Chains...***

# **Auto Problem**

**Mostly Revenue –  
with Depression Level of Sales**

# **GM & Chrysler – Debt Reduction, Lean**

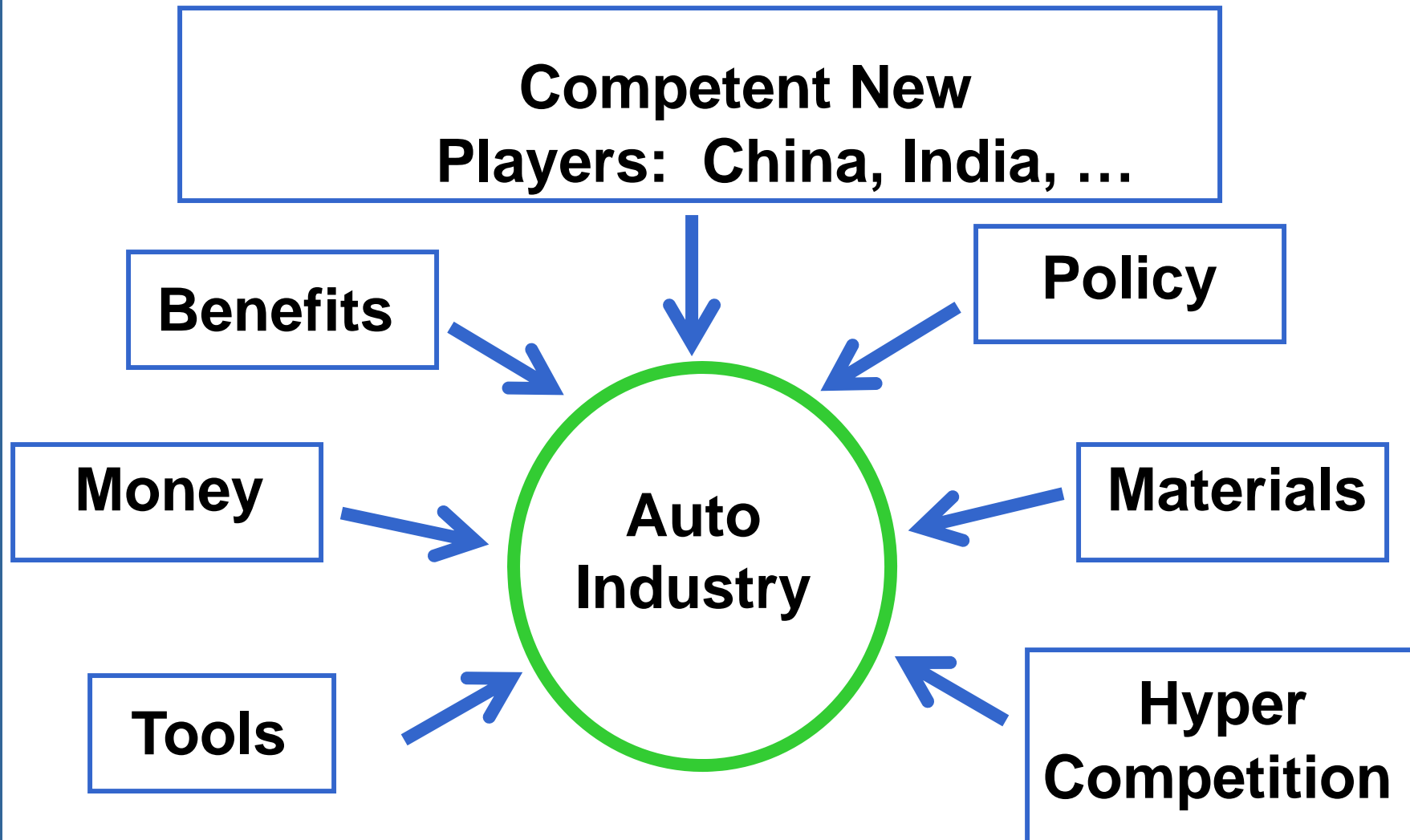
**Ford: Good & Bad News,  
No Bankruptcy but High Debt**

**All Manufacturers & Suppliers  
Have Been Hurt  
But, The Sun is Rising Fast**



# **Across the Land – Still Amazing Level of Ignorance on Auto Industry**

# The Perfect Storm



# **Auto Industry of the Future**

A World of  
Vanishing Boundaries

# **Economic Contribution of the U.S. Automotive Industry**

# Auto Manufacturing

Manufacturers . . . . 313,000 + jobs

Parts Suppliers . . . . 686,000 + jobs

R & D Spending . . . \$16 + billion

Source: BLS, NSF \*includes NAICS 3361, 3362

# Economic Contribution Per Job

Auto Mfr.	\$329,000
Average Job	\$112,000

Source: U.S. Census Bureau Annual Survey Manufacturers 2005

# Economic Multiplier

Auto Manufacturers – 10

Auto Parts Supplier – 5.7

# Auto Employment

2010 – modest gains

2011 – 2013 + 100,000 per Year

**We Have Been Swimming a River  
That is Getting;  
Faster, Deeper, & Wider  
But!**

# The Pot of Gold on the Other Side is Getting Larger

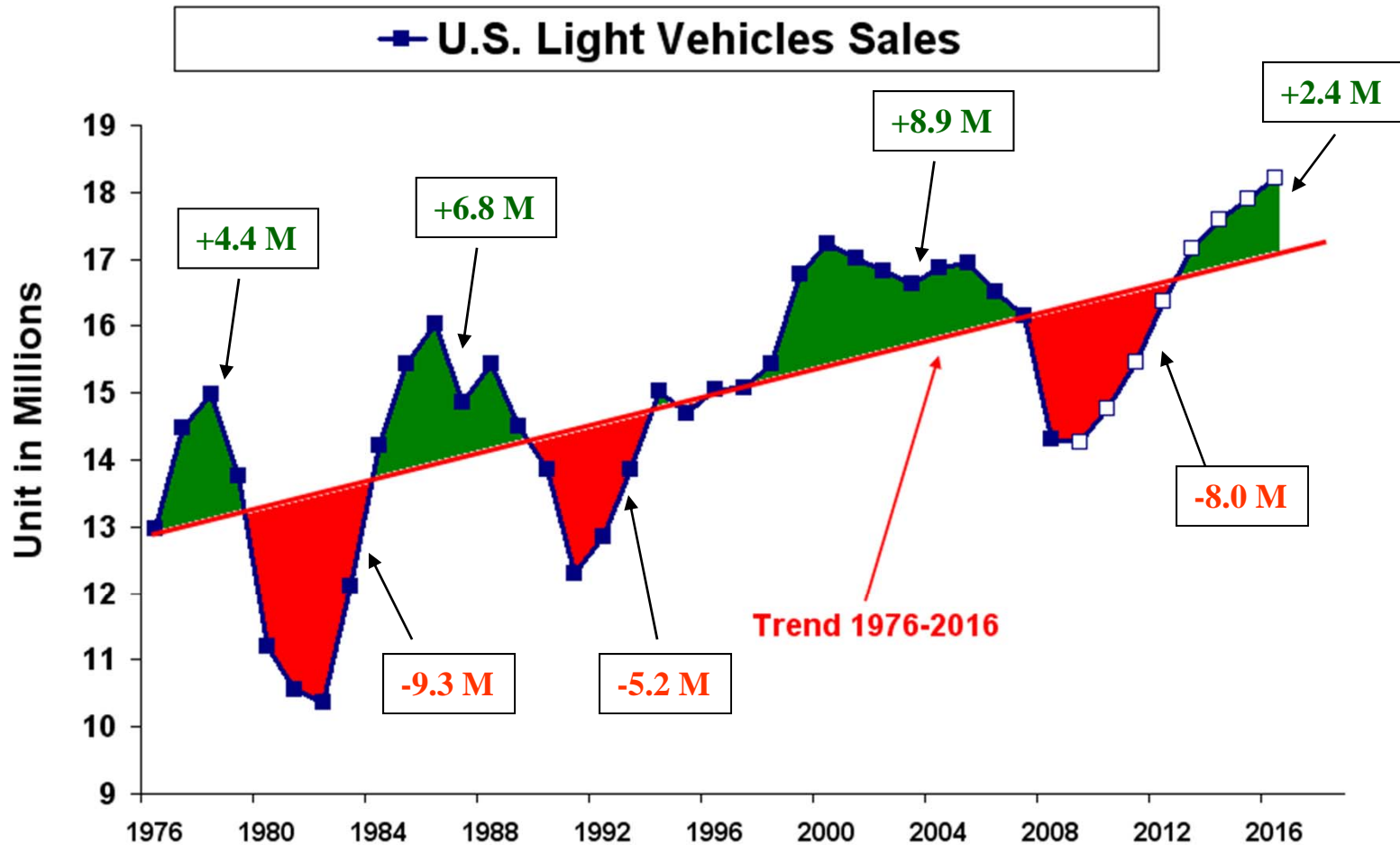
- Labor Cost Reduction
- Household Growth
- Pent-Up Demand
- Capacity Reduction
- Scrappage
- Return of Pricing Power

**The Challenge:  
Getting to the Other Side  
But We Have Reached the  
Shallow Water**

**Domestics – Unbelievable  
Shift from about  
\$2,000 Disadvantage  
to  
\$2,000 Advantage**

# However, Will It Come Back . . ?

## U.S. Light Vehicle Sales Forecast



Source: CSM Worldwide, J.D. Power

# **The New Break-even- 10-11 Million Sales**

# **Beware: The Aging of the Boomers.**

# Demographics

## *“Boomers go Boom”*

- Consumer Behavior
- Socio / Political
- Health Care
- Skilled Workers
- World Issue

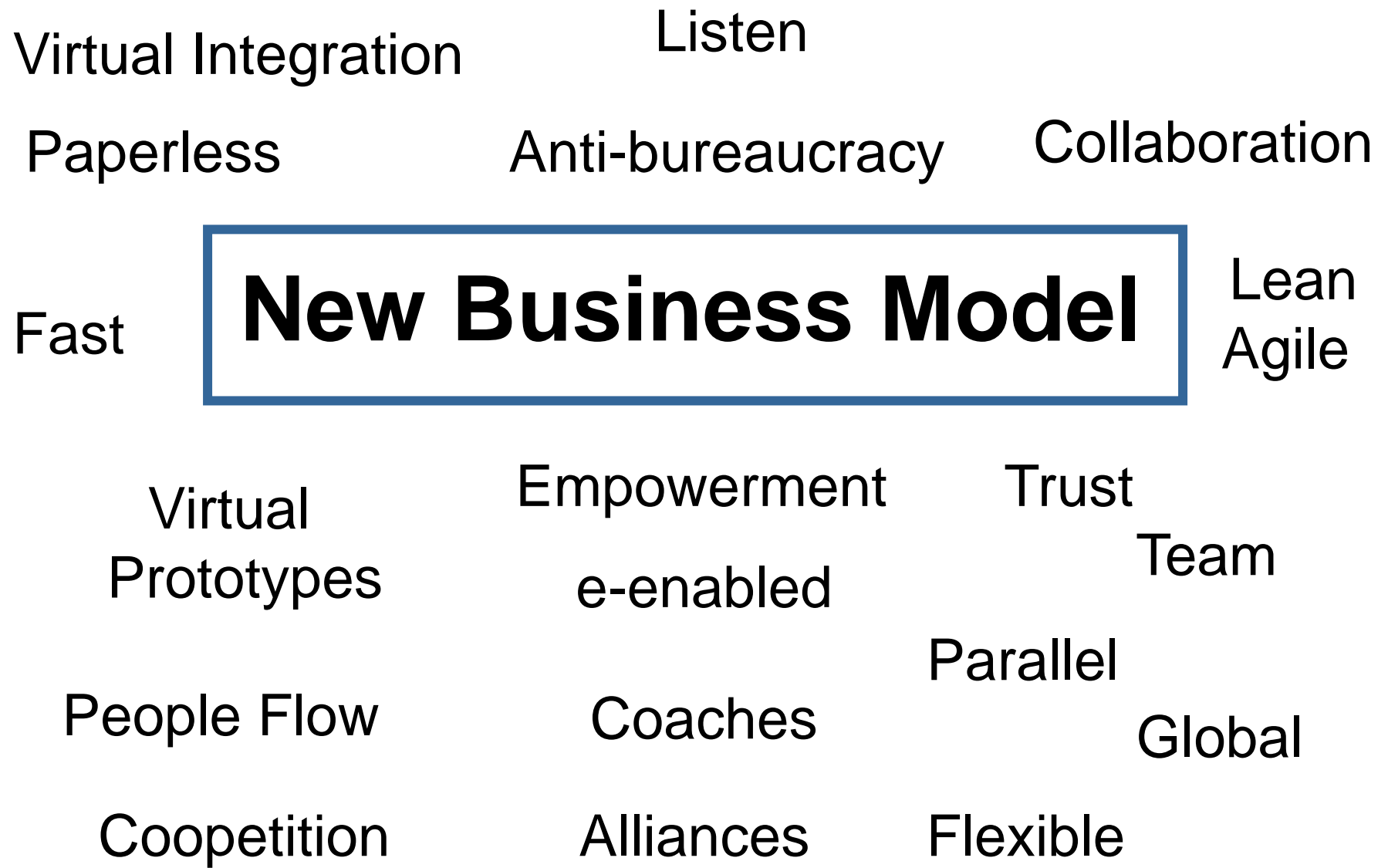


**Auto Industry -  
Thousands of New Jobs – But Only  
for the Educated**



# **The Business Model is Changing Fast.**





# Knowledge

## The Competitive Edge

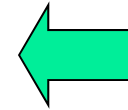
**Customer  
Pull**

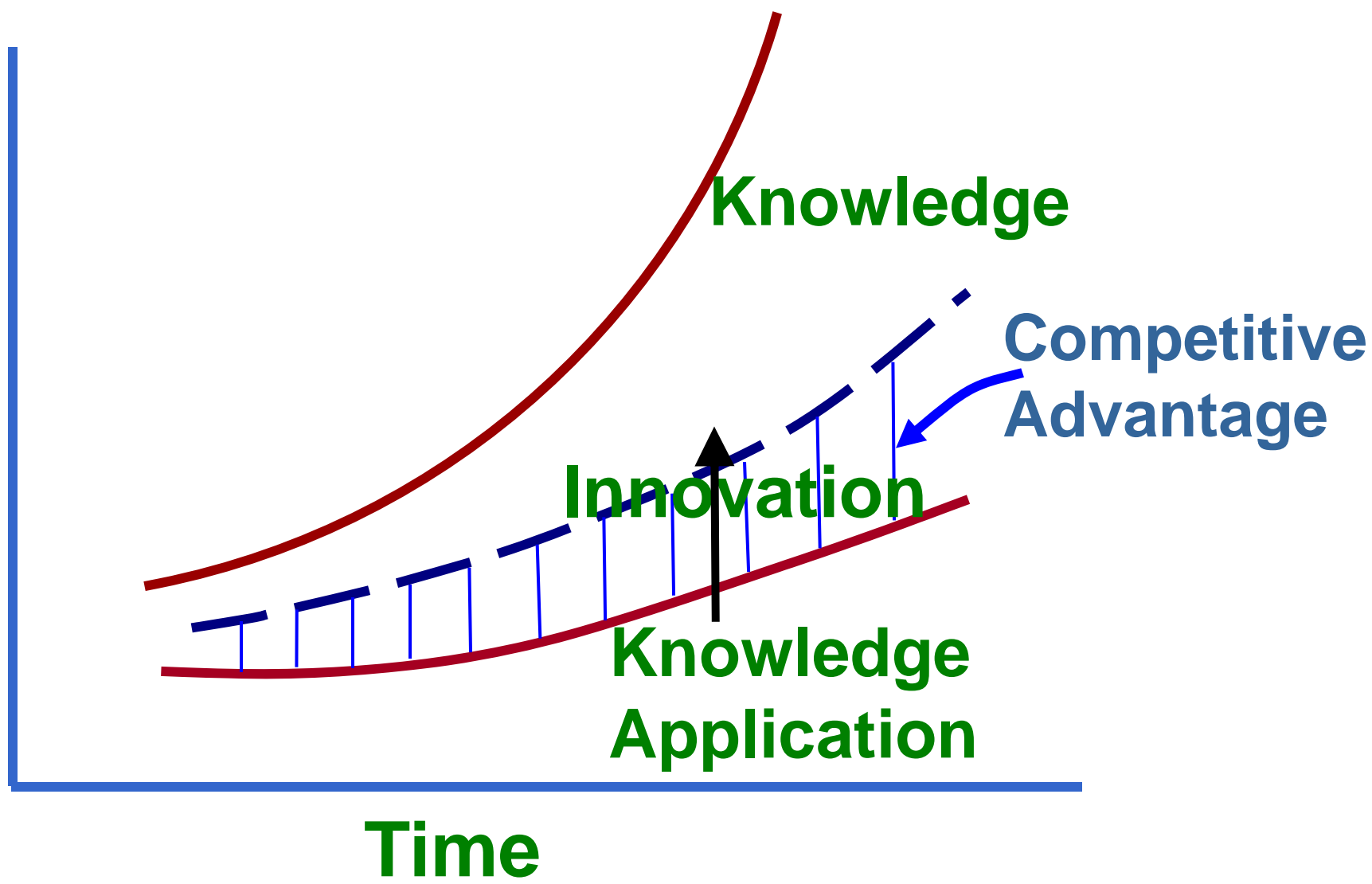
**Cars  
and  
Trucks**

**Technology  
Push**



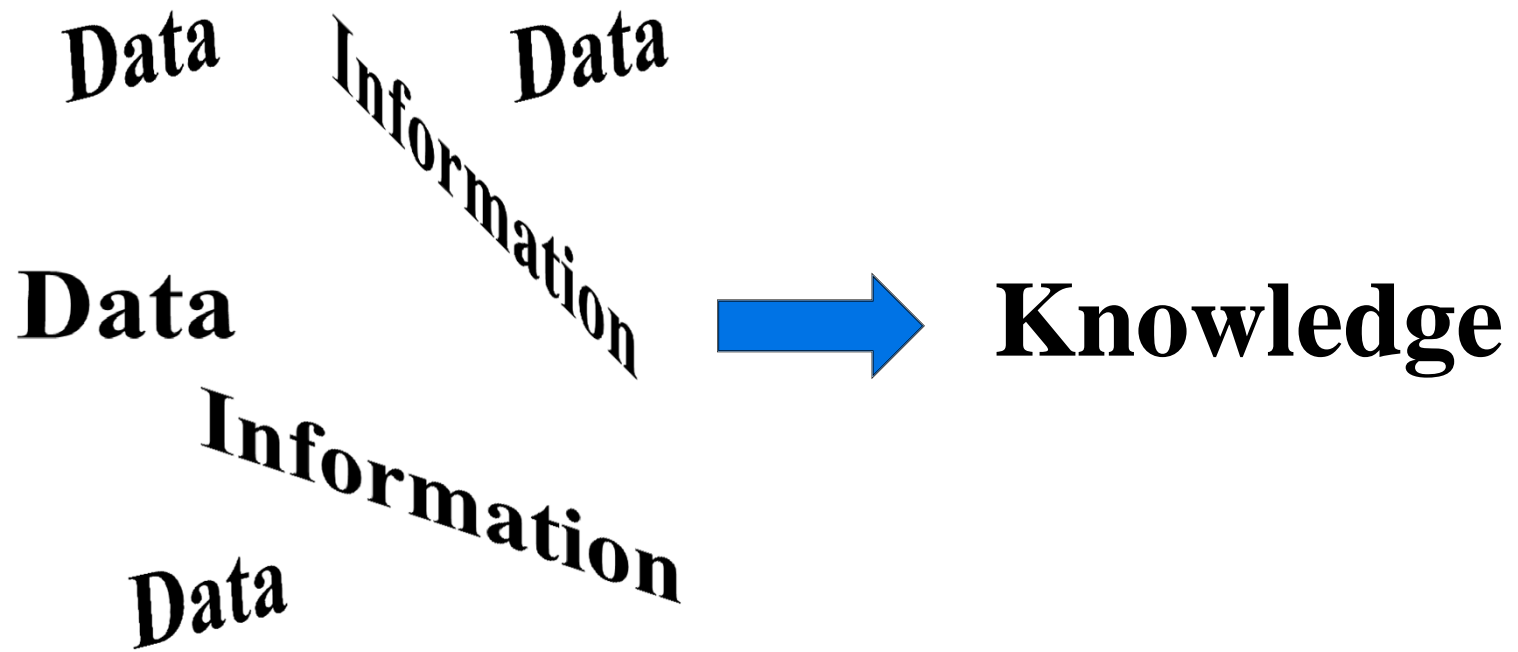
**Product  
and  
Process**








# **Coming Soon: “Auto Harvest”**



# Speed is of the Essence



# **Innovation Challenge:**

## **How to Tap Knowledge of Smaller Organizations**

# Barriers to Innovation?

- Lack of Knowledge
- NIH
- Overwork
- Legacy Systems

# Future Direction

It's All a Matter of Economics