Trends and Competitiveness in the Automotive Industry

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Historical Background

- Production Trends:
  Craft => Mass => Lean

- Next Steps:
  Agile/Flexible and Mass Customization

Source: Harbour
Source: Accenture
Additional Trends

- Globalization
- Consolidation
Valuations and Asset Base

![Chart showing market capitalization and ratio of market/book and market/assets for various companies.](image-url)
Inventory Turns

- GM
- Ford
- Daimler-Chrysler
- Toyota
- Harley-Davidson
- Johnson Controls

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Cross-Industry Strategy Lessons

• JIT?
  – Linked to more profitability, not to efficiency; Responsive
    inventory improves returns (not absolute levels)

• Merging?
  – Need consistency on function/product alignment and incentives

• Supply chain organization?
  – External supplier collaboration helps (i.e., less vertical OEM
    integration) and disruptions hurt (i.e., have a backup)

• Reducing product lines?
  – Customer preference data can inform choice
Keys Going Forward

- Global sourcing and risk management
- Innovative products and customer awareness
- Responsiveness and flexibility
- Cost reduction and asset efficiency
- Supply chain collaboration
- Wild cards:
  - Energy prices
  - Interest rates
  - China and Rest-of-World