



Ford opened its 600th Quick Lane dealer service center in California recently.

'Consolidation is Key to the Future' – TI's CEO Kozyra

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

TI Automotive Chairman and CEO Bill Kozyra recently presented "A Case Study in Survival" to the Automotive Press Association. His talk depicted TI Automotive's long history in the auto industry and the changes they've made to survive in a changing economy.

"As I joined the company in 2008, it was clear that North America was heading well into the downturn, and in the fall of 2008, as we all know, Lehman Brothers filed for bankruptcy and then really put the whole world upside-down in terms of the economy and the auto industry," Kozyra said.

At that time, he said TI Automotive was not as efficient as it should be. The company was very dependent on volume and there were some new products, but none that he considered exceptional products.

"The customer focus had a lot of room for improvement. Not to say that this company hadn't done a good job, because you wouldn't survive 80 years had you not done an overall good job with your customer, but a lot of room for improvement, no brand identity, and communication left a lot to be desired," Kozyra said.

He said it was clear the company would fail if they didn't quickly make changes.

"We were also operating in what was then referred to – and today we still see some signs of it, although it's improving – the "old" automotive industry with a lot of inefficiency in the industry, overcapacity, very high cost structure, quite the lack of cooperation from the OEMs and suppliers, which now is starting to change and it has to change," he said.

He said in response to what was happening in the industry, TI Automotive took quick action.

"We, on a global basis, led our senior management team to cut costs at all expense . . . in terms of reducing headcount. Just to give you an example, here in North America we reduced our white collar workers by 55 percent, closed facilities, went after non-production materials as a new way to save money," he said.

"Cut travel expense in half. A company our size spends about a \$1.5 million per month on travel, so you cut that in half you can put about \$9 million of savings on the bottom line.

"We temporarily reduced salaries for all of our executives and for all of our employees in North America, eliminated bonuses and cut our capital spending in half. A very radical change around the cost structure."

At the same time, Kozyra said, the company needed to get its finances in order.

"We had a balance sheet that was something we'll never want to have to look at again," he said.

"We had to reach out to our shareholders. The company is privately held so we went to our shareholders and lenders and asked for their support with what we call a forbearance and standstill, which means we would not be able to pay the cash interest cost on our debt."

The company had \$1.4 billion in debt with a cash interest cost of \$75 million per year.

"We spent a lot of time at our customers, face-to-face, reassuring them that we were going to get through this," he said. "We needed their support in some cases and their patience, but we wanted them to stay with us."

"We went to all of our lenders at that time and asked that they could stay with us, that we would work very hard to recover their investment by being our shareholder of the company instead of a debtholder."

In the need to preserve cash, Kozyra said anything

that wasn't necessary that would cause cash to disappear was stopped.

In the wake of the change that was needed in the industry, Kozyra said there is now a different attitude among the OEMs, which recognize that the suppliers just can't absorb the raw material costs that are coming.

"Because they won't survive if the suppliers foot the entire bill," he said. "The OEMs have to pay most of the cost increases associated with raw materials and we as suppliers have the responsibility to find as many offsets as we can in terms of cost reductions with design changes and process changes and some logistical improvements that need to be made."

There's a lot more intensity around regulations, he said, such as the next phase of Corporate Average Fuel Economy standards that will require more technology changes going forward in terms of powertrains.

Other challenges include the slow global economic recovery in some regions and globalization means more players entering the business, increasing competition.

"I believe supplier consolidation will continue, I think the OEMs clearly understand the need to have fewer suppliers and the days of buying our products from six different suppliers at a different OEM are over with," he said.

Kozyra said the days of contractual, regular pricedowns without having corresponding costdowns have to be over and TI Automotive works very hard accordingly to make sure it has price reductions as well as cost reductions.

He said quality is a necessity and collaboration is the key to the future.

"The OEM that I spent quite a bit of time with yesterday, meeting with many of its top suppliers, the whole theme was how we can collaborate differently in the future and not have a repeat of the past,

Ford Opens Its 600th 'Quick Lane'

DEARBORN – Ford Motor Company reached a significant milestone last week for its Quick Lane Tire & Auto Center business with the Grand Opening of its 600th U.S. store at Elk Grove Ford in Elk Grove, Calif.

"I'm excited about the sales and service opportunities of our new Quick Lane facility," said Matt Wood, dealer principal at Elk Grove Ford.

"As customers keep their vehicles longer, routine maintenance becomes even more critical to ensuring the long-term durability and quality of the vehicle. Our factory-trained technicians are looking forward to servicing these

customers at our new Quick Lane store."

Quick Lane offers routine vehicle maintenance such as oil and filter changes, as well as light repair services including brake repairs and tire replacements on all vehicle makes and models. Quick Lane is a registered trademark of Ford Motor Company.

In addition to its continued expansion, Ford also is launching a voluntary brand freshening initiative to assist Quick Lane operators update the interior and exterior of their facilities to maximize the sales and service experience for customers.

"We are very pleased with our strong growth of Quick Lane and want to continue our momentum by delivering branding elements that will help keep our Quick Lane facilities looking fresh and inviting to consumers," said Frederick Toney, president of Ford's customer service division globally.

Ford's Quick Lane vehicle maintenance business remains the fastest-growing service brand in the industry. Quick Lane operators sold a record 1 million tires in 2010 and posted record sales of

more than \$570 million for the calendar year.

Quick Lane offers tires from 11 leading brands including Goodyear, Michelin and Continental, among others, and offers the guaranteed best price on all tires sold.

Quick Lane operators around the country also continue to experience an increase in routine maintenance services from vehicles other than Ford, Lincoln or Mercury products. Sales to competitive make vehicles closed out 2010 up 25 percent nationally as consumers continue to migrate to Quick Lane shops for fast and convenient services – all performed by factory-trained technicians.

To deliver additional convenience, customers can visit www.quicklane.com to find a center that is closest to them, print savings coupons and review maintenance tips to keep their vehicle running at peak efficiency.

This site also includes information on how to spot tire wear, how to jump start a battery and even the importance of replacing a faulty oxygen sensor that could improve fast mileage by as much as 40 percent.



Bill Kozyra

and what's the differentiating way for success with this new business model that we both know we have to operate under," he said.

Suppliers and OEMs have learned a lot since 2008, Kozyra said.

Maintaining a strong brand is important, forming real partnerships with customers and suppliers and maintaining the balance sheet and manage the debt, having scale in the company, investment in technology, communication, growing and maximizing revenue and creating shareholder value are all keys to long-term, continued success.

"I'm glad the last two years are behind us and times are looking very positive for the future," he said.

Ford Focus Shifts Well

DEARBORN – The 2012 Ford Focus will offer up exceptional shift quality to drivers, powered in part by an inventive Ford transmission technology that has been waiting nearly 25 years for computing power to catch up to make it a reality.

Focus features the Ford PowerShift dry-clutch six-speed automatic transmission, one of the first transmissions to benefit from Torque Hole Filling (THF), a Ford-developed and patented concept and methodology first conceived a quarter-century ago.

THF uses a combination of mathematical algorithms, computer-aided engineering (CAE) tools and transmission control technologies to fill what is commonly known as the torque hole – the slight hesitation drivers may feel during an upshift when there is a momentary drop in transmission torque output followed by a rise in torque.

The torque hole has been inherent to automatic transmissions since the 1940s, said Ford Research Technical Expert Chris Teslak. "Even though much work in controls and calibration has been done over the years, it remained a major challenge," he said.

To address this challenge, Dr. Davor Hrovat, a Ford Technical Fellow in Controls Research, authored an invention disclosed in the mid-1980s on how to coordinate engine and transmission controls to help eliminate the torque hole.

Further analytical work and simulation revealed this pioneering concept was promising, but the technology needed to implement it wasn't fully mature yet.

Enabling technologies such as electronic throttle control and improved actuators and sensors, coupled with the THF methodology, gave the team of Ford engineers the tools needed to precisely sync engine and transmission to transfer power just so.

NHTSA Says Alcohol Detection Units Coming

By BOB SALSBERG
Associated Press

WALTHAM, Mass. (AP) – An alcohol-detection prototype that uses automatic sensors to instantly gauge a driver's fitness to be on the road has the potential to save thousands of lives, but could be as long as a decade away from everyday use in cars, federal officials and researchers said last week.

U.S. Transportation Secretary Ray LaHood visited QinetiQ North America, a Waltham, Mass.-based research and development facility, for the first public demonstration of systems that could measure whether a motorist has a blood alcohol content at or above the legal limit of .08 and – if so – prevent the vehicle from starting.

The technology is being designed as unobtrusive, unlike current alcohol ignition interlock systems often mandated by judges for convicted drunken drivers. Those require operators to blow into a breath-testing device before the car can operate.

The Driver Alcohol Detection Systems for Safety, as the new approach is called, would use sensors that would measure blood alcohol content in one of two possible ways: either by analyzing a driver's breath or through the skin, using sophisticated touch-based sensors placed strategically on steering wheels and door locks, for example.

Both methods eliminate the need for drivers to take any extra steps, and those who are sober would not be delayed in getting on the road, researchers said.

The technology is "another arrow in our automotive safety quiver," said LaHood, who emphasized the system was envisioned as optional equipment in future cars and voluntary for auto manufacturers.

David Strickland, head of the National Highway Traffic Safety Administration, also attended the demonstration and estimated the technology could prevent as many as 9,000 fatal alcohol-related crashes a year in the U.S., though he also acknowledged that it was still in its early testing stages and might not be commercially available for 8-10 years.

The systems would not be employed unless they are "seamless, unobtrusive and unfailingly accurate," Strickland said.

The initial \$10 million research program is funded jointly by NHTSA and the Automotive Coalition for Traffic Safety, an industry group representing many of the world's car makers.

Critics, such as Sarah Longwell of the American Beverage Institute, a restaurant trade association, doubt if the technology could ever be perfected to the point that it would be fully reliable and not stop some completely sober people from driving.

"Even if the technology is 99.9 percent reliable, that's still tens of thousands of cars that won't start every day," said Longwell. Her group also questions whether an .08 limit would actually be high enough to stop all drunken drivers, since blood alcohol content can rise in people during a trip depending on factors such as how recently they drank and how much they ate.

"It's going to eliminate the ability of people to have a glass of wine with dinner or a beer at a ball game and then drive home, something that is perfectly safe and currently legal in all 50 states," she said.

LaHood disputed that the technology would interfere with moderate social drinking, and said the threshold in cars would never be set below the legal limit.

In Friday's demonstration, a woman in her 20s weighing about 120 pounds drank two, 11/2 ounce glasses of vodka and orange juice about 30 minutes apart, eating some cheese and crackers in between to simulate a typical social setting, said Bud Zaouk, director of transportation safety and security for QinetiQ.

Fusion FFV At D.C. Show

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Novozymes said that despite its continued progress, barriers still remain before cellulosic biofuels can compete openly in the fuels market of today.

The primary barriers now, said Monroe, are financing, market access and consumer choice for fuel.

The Novozymes "Zymobile," an E85-capable Ford Fusion FFV was displayed next to a one-ton bale of corn stover at the recent 2011 Washington Auto Show.

Its partner is POET, the largest ethanol producer in the world, a leader in biorefining through its efficient, vertically integrated approach to production.

The 23-year-old company has a production capacity of more than 1.7 billion gallons of ethanol and 9 billion pounds of high-protein animal feed annually from 27 production facilities nationwide.

POET also operates a pilot-scale cellulosic ethanol plant, which uses corn cobs and light stover as feedstock and will commercialize the process in Emmetsburg, Iowa.

Monroe and POET Director of Public Relations Nathan Schock spoke about the developments in the road to commercialization of cellulosic ethanol at the Novozymes booth at the Washington Auto Show last week.



LTU transportation design student Jason Falenski with his instructor, Keith Nagara. Falenski has had a busy curriculum as an LTU student – including having attended the Paris Auto Show.

LTU Design Student's Future is Sunny

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dream design job.

He observed that College for Creative Studies' graduates are famous for looking out for each other once inside the business, so he'd like to see the same evolution occur now that the first generation of professional designers are emerging from Lawrence Tech – a school that has always been more famous for its engineering chops.

Falenski is precocious in the way that most undergraduate students are – regardless of their age.

He was precocious enough to grab senior Ford executive Gerhard Schmidt at the De-

troit auto show to have him personally eyeball Falenski's Ford Sidewinder design model, for example, which was just his way of saying he wants to be a professional exterior designer some day and not just a modeler.

Said LTU's Nagara, Director of Transportation Design in the College of Architecture and Design:

"He had a considerable amount of design talent, we've been fortunate to have him here as part of the program."

Finally, Falenski's Ford Sidewinder scale-model design has an interesting background:

In 1929, Henry Ford devel-

oped the Fordson Snow Machine in an effort to boost the Model T's agility in inclement weather. The Model T's narrow wheels were replaced with large hollow screws, displacing the weight and allowing the Snow Machine to move over deep snow and mud with ease.

In a StudioX Internship Project, Falenski drew his inspiration from the Fordson Snow Machine and used hybrid turbine propulsion technology that can pull the vehicle across sand, mud, snow, and even water.

So the young man has quite a future ahead of him. Did we mention that he's already been to the Paris Auto Show?