GM's Lutz Weighs In on OEM-Supplier

Relationships at AIAG Car Conference



The Camaro Z28 was the one car model visitors saw the most of at the Bearing Burners car show at the GM Tech Center. The annual show is a "rite of spring" for area gearheads and classic cruisers.

35th Annual Bearing Burners Show At GM Tech Center Is Well Received

by Gerald Scott News Dept.

May 6 was the first Sunday of the month, so like swallows returning to Capistrano, gearheads also returned to the GM Tech Center in Warren.

That's because the first Sunday in May is also the date of the annual Bearing Burners Auto Club (BBAC) spring car And presumably since May

6 was also a sunny and clear afternoon, weatherise, several thousand people turned out to kick the tires on cars and to buy used parts. It was actually the 35th annual Bearing Burners spring

car show, a traditional event in the area that used to be held at Freedom Hill in Sterling Heights but of late is held at the GM Tech Center. "I'll take credit for the

weather," chuckled Fred Lyon, BBAC show chairman.

"We judged about 550 cars this year, so it was a little overwhelming.

That was Lyons way of saying that it was another successful show for the Bearing Burners, which historically is an east side club with roots dating back to 1950. Some 50 different classes of vehicles were given awards by BBAC

He praised the 35 or so volunteers from the club who ran the spring car show. Also, he said the support from key show sponsors was invaluable, including Wanda Auto Detroit Per-Refurbishing, formance Centers and CARS,

Inc., among others. "We run the swap meet, pretty much everybody knows what to do by now," he added.

Meanwhile, the swap meet and parts corral was at least as big and busy as the car best," said DiFazio, who in his show itself.

Available for purchase mint-condition 1967 Michigan license plate (expires 1-31-68) for just \$25 to a 1955 Oldsmobile speedometer for \$20 to 1964 Chevy Impala side-byside car seats for \$600 to a 2002 Dodge headlight assembly / two for \$20.

Something for everybody,

in other words.

Then there was retired Chrysler illustrator Mike Di-Fazio, who now sells smallframed nostalgic auto images



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PHOTO: GERALD SCOTT

"Nostalgia sells best over-

all, but you might say that

women appreciate the art

while the men seem to like

painting he sells is of a Jeep

from World War II, and he has

several such paintings of vari-

ous military trucks and cars

perhaps, of the brisk pace of

the entire Bearing Burners spring car show in Warren.

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For that matter, his booth

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favorite

the nuts and bolts."

DiFazio's

Visitors to the Bearing Burners car show check out the artwork of Mike DiFazio, a retired Chrysler illustrator who now does nostalgic auto-themed prints that sell briskly for \$15 apiece.

at the summer car shows.

DiFazio's paintings put popular cruiser cars like the 1957 Chevy Bel Air and 1955 Ford Thunderbird into traditional fun local environments such as in front of the Hunter House eatery in Birmingham, Dodge Main in Hamtramck or Village Chrysler Jeep dealership on Woodward Avenue in for sale among his collection.

Royal Oak. "Nostalgia seems to sell was very busy, indicative, earlier career was a parts illustrator at Chrysler when its there was everything from a design staff worked from its former headquarters in Highland Park.

In his hevday he designed dealer brochures and dealer newspaper ads, back when OEMs did that for their

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Call 989-856-2650 or visit bella-caseville.com Special Writer The onus of healthy supplier relations falls on the OEM even more than the supplier. In so many words, so said

the retired GM Vice Chairman Bob Lutz, who spoke about OEM-Supplier relations at the recent AIAG Automotive Sponsors Supply Chain Summit held in the Michigan State University Management Education Center in Troy, just last

The Automotive Industry Action Group (AIAG) 2012 Supplier Summit took place on May 8-9, with sponsors from the greater automotive supply chain all talking about issues facing suppliers.

Lutz's keynote lecture kicked off the busy two-day event.

He began his address by saying that keeping an open line of communications is the most important thing when developing relationships between OEMs and suppliers.

These days relationships between suppliers and OEMs cross national boundaries.

"We're no longer a regional business," Lutz said.

To that end, it wouldn't hurt Americans to learn more foreign languages and to learn how to be sensitive to the cultures of other countries. The art of communication is the language of leadership, but this won't always be easy, Lutz said, because nothing is so simple that it can't be misunderstood. Building trust can be very

difficult at times, Lutz said. OEMs have to remember that winning is a team sport and suppliers are part of the team.

'So much of today's innovation comes from suppliers," Lutz said.

'When I was on the supplier side of things, I didn't hesitate to point out when OEMs were making mistakes.

Things change over time, Lutz said.

He found instances where OEMs were over-spec-ing things like car batteries, going on the notion that batteries were the way there were 10 or 15 years ago, but batteries and electrical systems have made huge improvements, and requiring batteries to meet the demands of yester-

day's cars is just wasteful. "We told CEOs this and saved them a lot of money," Lutz said. "When suppliers just give OEMs what they ask for and don't point out ways to improve costs, it's called malicious obedience. When I was head of Chrysler, I'd have lunch regularly with the CEOs of Chrysler's suppliers. I'd ask them who was the best company to work with. You'd expect the answer to be Honda or Toyota, but they said GM.

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Retired GM Vice Chairman Bob Lutz was the keynote speaker at the 2012 AIAG Supplier Summit in Troy last week.

things are so messed up there, the suppliers could sell the same part to 17 different departments with 17 different supply numbers and 17 different prices and they made a lot of money out of that system."

Smart auto manufacturing CEOs aren't afraid to listen to others who might have new ideas, Lutz said. Smart CEOs are afraid of old ideas because they're the ones that get you stuck in the past.

But it's very important for OEMs and suppliers to strike the right relationship between cozy and combative. That's where good, earnest and honest communication comes in.

If supplier and OEM get too cozy, one can end up in a situation similar to one Lutz had while at Chrysler. He's played golf with supplier CEOs and they'd say around the 10th hole how well things were going and that they knew they were getting the contract.

That kind of friendly relationship can reduce competition between suppliers and it takes pressure off them, and pressure can be good when put to constructive use. Suppliers can lose their edge.

"We saw that thing in 2025 CAFE standard.

"I asked why and was told Chrysler in the late 1990s," Lutz said. "We almost succeeded too well. Having too cozy a relationship between Chrysler and its suppliers allowed price increases to sneak in because everyone took their eye off the ball. A little tension and conflict are important for organizations to succeed. Constructive tension is good and goals have to be shared. Blame and success have to be shared.'

It's also very important OEM-supplier relations are open and not dictatorial. Supplier CEOs are smart and know how to game the system when OEMs demand price reductions. They just submit higher bids that they know they can come down on price wise. And on the supplier side quality has to be built in. The days when quality was a reason to buy from one particular supplier are gone.

Now every OEM expects quality and lack of quality is a reason not to buy from a particular supplier. Lutz said that Internal Combustion Engine (ICE) is not at the end of its development, and improvements in ICE vehicles will bring OEMs a lot of the needed technology for meeting the



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