

OTHER NEWS

Commerce submits FQA
see p. 16

Strong coatings
see p. 22

Prepare for floods
see p. 26

GM announces modularity project

At 1999's start, Detroit-based General Motors Corp. (GM) made public their Yellowstone program—aimed at building small cars profitably by using modularity and co-design with suppliers. GM plans to have suppliers build their facilities adjacent to GM on a campus setting. Although the concept of modularity is not novel—and it isn't applicable only to automobiles—it's growing increasingly popular in the United States. And it has the industry buzzing about what this means for suppliers and original equipment manufacturers (OEMs).

"[Yellowstone] is a great idea that *could* work," commented Sandy Munro, president of Munro and Associates Inc., a Troy, MI-based consulting firm for manufacturers. "It's a fabulous idea. Lots of people have thought of doing it, and other people have tried. But no one's been terribly successful with it yet." Munro said that GM's biggest obstacle is attaining their union's support.

If GM is successful, the Yellowstone project could reap incredible results. According to Mark Hogan, GM's small group general manager, "Results are better-integrated designs with more value to the customer, an integrated quality focus, and reduced piece cost and investment." Hogan cited specific possible results:

- Instead of 104 discrete part numbers delivered to the plant, the plant sees only a single part number.

Should consultants be accredited?

Participants at a February 1999 International Conference on ISO 9000, Orlando, FL, asked a panel of experts whether ISO/QS-9000 consultants should be accredited. Answers ranged from a very hearty no, to admitting that the idea is interesting but needs refinement.

"The concept sounds intriguing," said William Kracht, manager of quality systems and



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Sandy Munro, president, Munro and Associates Inc., Troy, MI

- Internal assembly labor is reduced from 22.5 minutes to 3.3 minutes.

- GM's material cost and total factory cost are reduced by 20%.

- Project quality is up.

The enticing benefits of modularity are causing many U.S.-based suppliers to jump on the bandwagon. According to Munro, suppliers are being pressured to go modular when they aren't ready for it. "They're being pressured from two directions. The OEMs are pressuring them to get more and more into modularity, so that they can reduce their costs," he said. Supply executives are also exerting pressure. "They are jumping into this with both feet, because they know that if you're not a modu-

lar supplier in the very near future, you're not going to be a modular supplier. The executive staff is jumping up and down saying, 'Hey, either we get into this or we're not going to be in business.'"

Going modular with inadequate preparation can extinguish a supplier's business. If a module is improperly designed, the expense of a recall falls on the suppliers' shoulders, whereas before it was the responsibility of the OEM. The OEM also suffers because its name is on the product.

"You have to know what you're doing," advised Munro. "If you're an OEM and you give away profound knowledge to a supplier, that supplier will then sell that information to any other OEM that wants it."

regulatory compliance at the Dow Chemical Co., Midland, MI. "but with registrars or auditors, they have a defined set of criteria. There is nothing like that for consultants. The idea [of accrediting consultants] is interesting, but I don't think it's ready for primetime."

"As consumers you need to be diligent and demanding," said Eric Horning, director of XIS