



## Automotive Industries

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### Japan Gets Wise

by Gerry Kobe

As Japan's automakers scramble to stay competitive against future low-cost, high-quality products from Korea, China and even India, by default they position themselves to hammer the U.S. industry. The most marketable advantage that domestic manufacturers have over Japan right now is cost. If that vanishes, God help us.

To be honest, until recently I believed that over the decades, Japanese automakers had "continuously improved" themselves until there wasn't much up to turn. I actually thought that the U.S. industry might catch and possibly overtake Japan's product quality and manufacturing efficiency lead. In recent years, U.S. products have drawn ever closer to that goal and it seemed to be just a matter of time before it happened.

But about a month ago I received an email from an efficiency consultant who was based in Japan and working with that country's major automakers. What he told me scared the bejeezus out of me so I thought I'd better share it with you.

He said that Japan's automakers have been trying to identify why the manufacturing efficiency gap between themselves and American automakers isn't wider than it actually is. He quoted The Harbour Report chapter and verse, but said the Japanese companies still didn't buy the numbers based on their knowledge of vehicle content and line efficiency. According to their own analyses, they should be better than they are even though the Harbour numbers already put them at the top of the heap.

So recently, some Japanese automakers started to do teardowns of American vehicles. wasn't done previously because the Japanese never considered U.S. products to of benchmark caliber, either in terms of quality or manufacturing. But what they have found is that even though the execution on American vehicles is not up to their standards, engineering design was often much easier to build, easier to sequence and subsequently less expensive on an installed basis. What rattles me is that I believe we've known about this for years, but acted like the Japanese would never catch on. I have good friends in the teardown business and they have told me they've tore down Toyotas, Hondas, Nissans what they've found was that these vehicles were of superior quality in spite of themselves.

I specifically recall a conversation with Sandy Munro, president of Munro & Associates that took place over a dozen years ago. He had just seen a teardown of the then new Lexus LS 400 Infiniti Q 45 and he was flabbergasted at how unnecessarily complex they were. Looking back at my notes from that interview, his words border on being clairvoyant.

I'm not saying these cars aren't good," Munro said. "The fact is they are good — maybe good. But these companies are so proficient manufacturing they don't even try to make designs simple. If they ever catch on to the fact that they can simplify assembly and actually improve quality at the same time, we might as well pack up our bags and look for work."

Well guess what? I don't know that it's time to whip out the Samsonite, but I do think the unthinkable has happened. In a couple more years, the major Japanese players will be pulling cost out of their vehicles using U.S. design solutions, further widening the efficiency and therefore cost gap. Not that we didn't tear down their vehicles and steal a thing or two over the years, but we can't afford to be blindsided by Japanese-quality at Korean or even Chinese vehicle prices.

As a response, we can try to force the end our current quality and efficiency initiatives, but somehow I see that materializing as yet another round of demands and threats on an already beleaguered supply base. On a more practical front, we need to turn up the wick on our secret weapon, which is design. Japan's automakers have never been able to hold a candle to their U.S. counterparts when comes to passionate, visceral styling, regardless of how efficient they are. I say we go for it. What do you say?