

A Corporate Health Checkup

Can You Compete with Japanese Manufacturers?

The domestic auto industry has recently undergone major surgery to cut legacy costs, reduce its workforce, and change work rules in an attempt to become more competitive with Japanese auto manufacturers. But is it enough?

Mike Juras, a former senior GM executive who pioneered the implementation of lean engineering and knowledge transfers between GM and several Japanese manufacturers over a 30-year career, says no.

Executive Work Rules Needed

“Most of these recent efforts have focused on the hourly worker,” Juras notes. “Where are the executive-level work rules, inspections, and clarity-of-executive intentions in an OEM-focused contract that all enterprise participants will buy into and vigorously support?” According to Juras the same metrics used to negotiate recent UAW contracts need to be applied to/by those residing in Executive offices and Board Rooms.

“The Japanese are still way ahead of the Big Three when it comes to product development processes, where much-needed improvements hold the key not only to success but also to survival,” he says.

Juras, who later became Executive Vice President of a Tier One automotive supplier, developed a global business operating system and initiated integration of a major European acquisition into the company.

Frustrated by the inefficiencies in product development that he observed from both sides of the OEM-supplier relationship, Juras creatively combined the best of American and Japanese production systems and developed a unique manufacturing process-performance system called Enterprise Production Realization™ (EPR). This American-bred system is more powerful than the Toyota Production System (TPS), acknowledged as the best in the world.

How Healthy is Your Company?

Through its work with suppliers and key OEM representatives Vertare has observed several strategic opportunities for companies to overtake their competition as recognized leaders in global manufacturing:

- Enterprise and Supplier Integration: How organized is your company when it comes to connectivity, knowledge flow, and work process concurrency?
- Strategic Focus: Do you know how to implement next generation operational and enterprise management methods needed to re-establish leadership?
- Purchasing: Is purchasing an intermediary between you and your suppliers or a business facilitator of needed technical and operational work process concurrency both internally and externally?
- Communication: Do conversations deteriorate into tactical discussions of local agendas, assumptions, and expectations or is everyone on the same extended enterprise perspective?

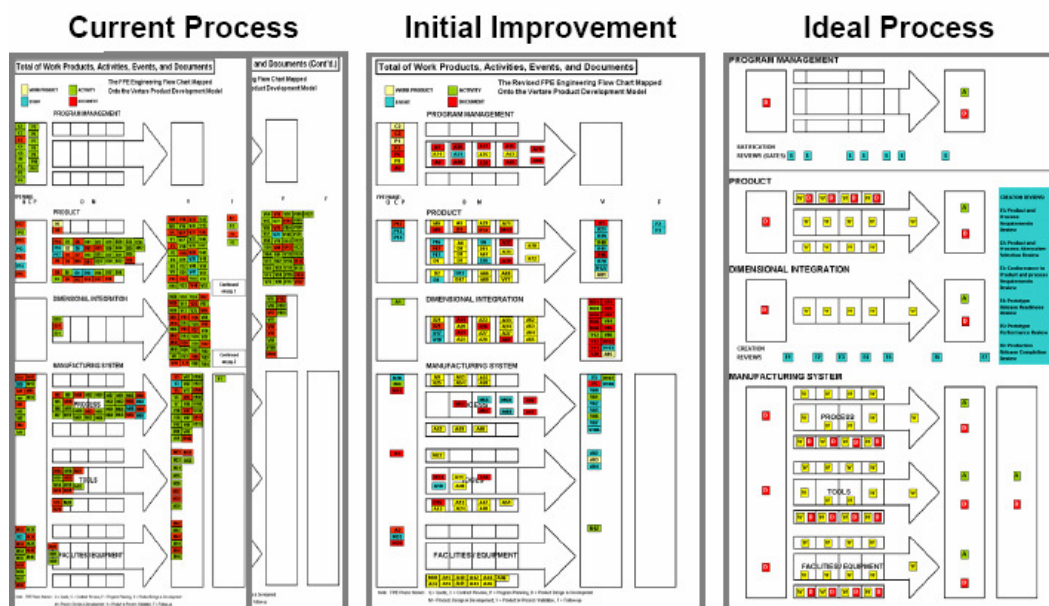
If you don't know the answers to one or more of those questions, it's time for a health checkup now, says Juras, before it's too late. Just as human DNA carries genetic instructions for the way cells develop and pass this information from one generation to the next, Vertare's EPR profiling technology reveals the DNA model of any business to determine its present health and prognosis for the future.

“The DNA double helix is the universal framework for analysis of human characteristics,” says Juras. “In the same way, the Vertare process DNA is the universal framework for analysis and alignment of enterprise EPR characteristics. It’s a universal translator that applies a common language to all business processes. Even Toyota and Honda’s *keiretsu* business processes can’t do that.”

Overcoming the Japanese

“The Japanese are moving ahead into agile manufacturing and beyond. In a few years they’ll be able to change stamping dies and assembly processes in minutes, build cars to order, and deliver them in less than two weeks,” notes Juras. “Large dealer inventories, day’s supply and consensus issues will be things of the past.”

Vertare offers businesses a way to leapfrog Japanese development processes. It can analyze and profile a company’s operations to determine if it’s competitive with the Japanese; if not, businesses can use EPR to implement broad-based, massive organizational changes quickly and simultaneously to regain a competitive advantage over competitors.



Vertare observers can use visualization maps like this to determine differences between program management and production system development management. This map shows that events are not structured to learn and create knowledge; significant savings are available by eliminating documents and reducing events; significant business plan elements are not managed throughout the process; dimensional integration is not consistent; critical tooling is not coordinated; and mechanisms are not visible to move from vehicle to subsystem to component.

Vertare’s creative approach to process performance improvement uses technology, software, and the Internet to create a highly visual and communicative method of collecting, organizing and distributing information. EPR rapidly and efficiently guides a company’s product teams and its suppliers through the development process, giving them a process advantage over Toyota’s present system.

These process changes significantly reduce development cost, time and risk, yet meet the unique socio-economic needs of domestic manufacturers that the Toyota Production System, based on Japanese cultural and societal norms, cannot.

Innovation is the Solution

Enterprise Product Realization™ (EPR), a browser-based process performance system, provides the environment for applying these powerful agile techniques and overcoming the Japanese structural cost advantages. EPR links together and visualizes the elements of a process from planning through execution, which guides the different component and system teams through a more coordinated and highly communicative program in less time, at lower cost, and with reduced risk. “Economies of Innovation” methods ultimately will produce product value gains and production cost reductions enabling practitioners to go beyond merely achieving price parity with Japanese competition and to leapfrog them in total customer value. The question remains unanswered whether or not the Big Three are willing to make the changes needed to move forward before the gap becomes too great to cross.

Visualization Enables Massive Changes

Emerging visualization methodologies and technologies to view, manage, and operate organizations can create massive changes quickly resulting in higher revenues, profit and share value. This environment produces a self-sustaining, self-funding performance legacy over time. Capturing intellectual capital and putting it to work also demands legal, financial and educational agility similar to the uniquely Japanese Keiretsu organizational structure. EPR systems go the Japanese one better in agility by enabling users to create a “*Virtual Keiretsu*” that helps overcome socio-economic obstacles such as cooperation vs. competition. Financially unsustainable business practices such as trade restrictions, free health care, distorted labor costs, jobs banks, etc. are negotiable. Structural process effectiveness is not! EPR must be visible, holistic, guided, adaptive, self-organizing, and free of obstacles.

Achieving Leadership

A reduction in labor and manufacturing costs, as well as legacy costs, per vehicle will not enable the American and European automotive industries to regain profitability and market leadership without significant changes to the product development process. The Japanese and emerging Asian auto manufacturers will continue to pose significant threats with their *Keiretsu* business operations. The willingness to streamline the product development process through Enterprise Product Realization offers American and European vehicle manufacturers a window of opportunity to adopt powerful *Virtual Keiretsu* processes that can harness and fully exploit the resources needed to compete and win in today’s global automotive economy. Vertare’s performance-enhancing EPR processes can be applied across a broad spectrum of manufacturing and service industries to create a virtual money map for success.

Michael F. Juras has led numerous large-scale transformation initiatives as a senior executive at multi-billion dollar manufacturers. Mike founded Vertare LLC to create new opportunities for unprecedented enterprise performance and business effectiveness for manufacturers through the combined use of innovative technologies and unique systems-based process solutions. For more information contact him at 248-379-4378 or mikejuras@vertareLLC.com