

autobeat

daily

TUESDAY
APRIL 2, 2002
PAGE 1 OF 4

TOYOTA GOAL: 15% OF THE WORLD MARKET. Toyota Motor Corp. has officially declared that it intends to increase its share of the global car and truck market from 10% now to 15% by about 2010.

General Motors and Ford, the world's two largest automakers, currently control just under 15% and almost 13%, respectively, of the global vehicle market.

Toyota, the third-largest vehicle maker, says its growth will come by building sales in Japan and the U.S., which buy four out of five of its vehicles now, and by pushing into China and other emerging markets.

Toyota says it also assumes a sharp increase in sales by its Daihatsu minicar and Hino truck units. It shrugs off the suggestion that it will bolster growth by acquiring other automakers, a strategy the company has studiously avoided to date.

FORD KILLS LINCOLN BLACKWOOD... Ford Motor Co. will phase out its new Lincoln Blackwood at the end of this year because of lousy demand for the SUV/pickup truck.

Sales of the \$50,000 Blackwood have been averaging less than 100 per month since the vehicle finally arrived, months late, last November. Similar in concept to the Cadillac Escalade EXT, the Blackwood was expected to attract several thousand buyers per year. Ford offers the Blackwood in black only and without four-wheel drive.

...AND CONFIRMS THE FIVE HUNDRED. As expected, Ford confirmed last week that it will convert its Chicago Taurus plant to produce the Five Hundred, a high-roofed near-luxury sedan, in 2004. The plant also will build the CrossTrainer, a car-SUV hybrid.

Ford says the five-passenger Five Hundred will be

priced somewhere above \$20,000 and feature seats about two inches higher than typical car seats. The company predicts the Five Hundred will be especially popular with women (and maybe even men) who want the loftier vantage point of an SUV but without the bulk.

Ford will continue to build the Ford Taurus and Mercury Sable in Atlanta, mainly for the rental and corporate fleet market.


HYUNDAI CHOOSES ALABAMA FOR AUTO PLANT. South Korea's Hyundai Motor Co. has selected a site on the south side of Montgomery, Ala., to build its first U.S. auto plant. The \$1 billion facility will employ 2,000, begin production in 2005 and have a peak capacity of 300,000 units per year.

Hyundai, whose U.S. sales zoomed 29% to about 570,000 units last year, selected Alabama over semifinalist Kentucky. The company eliminated Ohio and Mississippi from its list in February.

CONSUMER SPENDING ACCELERATES. Another sign that the recession is over: Consumer personal income and spending each rose 0.6% in February, according to the U.S. Dept. of Commerce. The increase in income was the biggest monthly improvement in 16 months. The jump in spending was the largest in five months.

OIL PRICES RISE TO SIX-MONTH HIGH. The price of crude oil has climbed to nearly \$27 per barrel, its highest level since September. The rise is blamed on concern that escalating tensions in the Middle East may disrupt supplies to the West just as normal seasonal demand increases.

Iraqi President Saddam Hussein, for one, has



Polyurethane Solutions for
Sound Insulation Door Panels Seating
Headrest/Armrest Skins Composites

Contact our Automotive Application Development Center in
Auburn Hills, MI at (800) 553-8624 x-7390 or www.huntsman.com

suggested that Arab countries impose "economic measures"—namely, halting oil shipments—against Israel and its supporters.

NO CHANGE IN TRUCK CAFE FOR 2004. The U.S. Dept. of Transportation has let stand the decade-old 20.7 mpg corporate average fuel economy standard for light trucks, notes Reuters. The department was required to set the CAFE standard for 2004 model year trucks by April 1.

The CAFE level for 2005 and beyond is still undecided, however. The department's National Highway Traffic Safety Administration is collecting public comment until May 8 about possible changes to the standard.

FORD PONDERES \$2 BILLION WRITE-DOWN OF KWIK-FIT UNIT. Ford Motor Co. may write down \$2 billion or more for Kwik-Fit, a chain of European car repair shops it bought in 1999 for \$1.4 billion, and other diversification investments made during the Jacques Nasser era.

Analysts doubt Ford will get more than \$1 billion for the 1,900-outlet Kwik-Fit chain, which is based in the U.K. The automakers said in January it intended to sell the chain, along with U.S. recycling and bump shop operations acquired at about the same time, as part of its restructuring plan.

DCX EXTENDS POWERTRAIN WARRANTY PLAN. DaimlerChrysler, which began offering a seven-year/100,000-mile powertrain warranty last November, will continue the offer through May.

DCX considers the deal a more value-oriented alternative to rebates or cut-rate retail financing. It also supports the company's campaign to improve public perception about the quality of its vehicles.

ISUZU SHOWS OFF ITS GM-BUILT SUV. Isuzu Motors Ltd. says it expects to sell about 16,000 of its new Ascender SUVs in the U.S. next year.

The vehicle—an Isuzu-badged version of the three-row Chevrolet TrailBlazer and GMC Envoy—debuts in very small numbers this fall. All three vehicles go into production later this year at the General Motors truck plant in Moraine, Ohio.

Isuzu confirmed plans for the Ascender last November, shortly before reports surfaced that it will phase out Japanese production of the Trooper SUV by 2004. Last fall the struggling automaker, 49% owned by GM, reduced production of its Indiana-built Rodeo and Axiom SUVs by 20%. In February it also announced it was moving its U.S. media buying for SUVs to GM Planworks in Detroit and GM Mediaworks in New York City.

DCX WILL APPEAL HUMMER GRILLE RULING. DaimlerChrysler still hopes to force General Motors to put another grille on its Hummer H2 before the vehicle debuts in July. DCX contends the H2's seven-slot grille looks too much like Chrysler's trademarked Jeep grille.

Last week DCX appealed a Feb. 28 court ruling that rejected its request for an injunction against GM. A full trial on the matter won't start until December.

The issue is muddled by the common heritage of the Jeep and the military Humvee, which inspired the H2. Chrysler acquired Jeep when it bought American Motors Corp. for \$1.5 billion in 1987. AM General, the AMC unit that developed the Humvee, ended up as an independent company. GM bought the Hummer brand name from AM General 14 months ago.

NORTHROP EXTENDS TRW OFFER. Northrop Grumman Corp. has extended until April 12 its offer to exchange TRW Inc. shares at \$47. TRW closed at \$51.70 yesterday.

Only about 2.1 million shares, or 1.7% of TRW's 126.6 million outstanding shares, have been tendered for exchange so far. TRW management considers Northrop's offer "financially inadequate and not in the best interest of shareholders."

TRW will hold a special shareholders meeting on April 22 to vote on the Northrop offer and a pair of Northrop proposals to reveal more TRW financial information and set up an independent group to review the offer.

FORD WINDS UP FIRESTONE TIRE RECALL. Ford Motor Co. figures it spent about \$3 billion to replace 10.6 million Firestone Wilderness AT tires on its SUVs and other vehicles since last May. The replacement program,



The advertisement features a grayscale image of a car's interior, specifically the steering wheel and dashboard area. On the left side, the Microsoft logo is displayed in white. In the center, the text "What good is a car without Windows?" is written in a large, white, sans-serif font. On the right side, the Windows CE logo is shown, with the text "Microsoft Windows CE for Automotive" below it.

©2002 MICROSOFT CORPORATION. ALL RIGHTS RESERVED. MICROSOFT, WINDOWS, AND THE WINDOWS LOGO ARE EITHER REGISTERED TRADEMARKS OR TRADEMARKS OF MICROSOFT CORPORATION IN THE UNITED STATES AND/OR OTHER COUNTRIES.

inspired by rollover accidents of Ford Explorer SUVs equipped with Firestone tires, ended Sunday.

A report in last week's *Detroit Free Press* says the total cost of the program to Ford—including such indirect effects as a lower stock price and a dip in sales of the Explorer—may be as much as \$10 billion. Analysts say the company had no real choice but to conduct the recall.

WINGCAST SIGNS INFINITI TO TELEMATICS DEAL.

Wingcast, Ford Motor Co.'s answer to OnStar, will be the exclusive provider of standard telematics services for Infiniti luxury cars sold in the U.S. beginning this fall.

Wingcast's four-button system will provide emergency assistance, stolen vehicle tracking, voice mail, navigation help, news reports and other features. The services also can be accessed from outside the vehicle using a special "companion" wireless handset.

The Wingcast service—awkwardly named Infiniti Communicator Connected with Wingcast—will be available on the Infiniti G35 sedan and coupe, M45 and Q45. Based in San Diego, Wingcast was set up 16 months ago by Ford and QUALCOMM Inc.

CHRYSLER TO PURSUE "URBAN MINDSET" MARKET.

Chrysler says it wants to refocus its specialty marketing away from specific minorities and toward the more diverse "urban marketplace" it says is driving popular culture.

The company has announced an agency review for its

AUTOBEAT DAILY
is a publication of Hampton AutoBeat LLC,
Box 33068
Bloomfield Hills, MI 48303-3068

SUBSCRIPTIONS: PAULA DOAN
(888) 771-6430

ADVERTISING: WENDY BACA
(248) 455-7336

NEWS: BILL HAMPTON
(248) 540-2530

E-MAIL:
editor@autobeatdaily.com

two multicultural agencies, Don Coleman Advertising in Southfield, Mich., and Montemayor y Asociados in San Antonio, Tex. Results are to be announced by June 1.

FORD GRAPPLES WITH LEAKY TRUCK ENGINES. Ford says faulty head gaskets are causing oil seepage in some of its 5.4-liter V-8 engines. Repairs cost at least \$800 per engine, according to a report in *Automotive News*.

The powerplant is used in some of the company's F-Series pickup trucks, Econoline vans and Ford Expedition and Lincoln Navigator SUVs.

MONDAY'S CLOSING STOCKS

STOCK	SYMBOL	CLOSE	CHANGE	STOCK	SYMBOL	CLOSE	CHANGE
DOW		10,362.70	-41.23	EDS	EDS	57.11	-0.88
NASDAQ		1,862.82	+17.27	Ford	F	15.73	-0.76
Autoliv	ALV	24.38	+0.14	General Motors	GM	59.70	-0.75
ArvinMeritor	ARM	27.90	-0.65	Gentex	GNTX	29.55	-0.08
American Axle	AXL	29.41	+0.41	Goodyear	GT	23.70	-1.87
Dana	DCN	21.27	-0.20	Johnson Controls	JCI	88.32	+0.01
DaimlerChrysler	DCX	45.17	+0.14	Lear	LEA	47.17	-0.43
Donnelly	DON	18.10	+0.40	Magna International	MGA	74.15	+0.65
Delphi Automotive	DPH	16.06	+0.07	TRW	TRW	51.70	+0.23
Eaton	ETN	80.72	-0.26	Visteon	VC	16.11	-0.44



Building eBusiness Partnerships

3 Focused Conference Tracks:
*Connecting Service, Integrating The Aftermarket,
& Streamlining Supply Chain & Logistics*

Register Today! 800-830-3976 or www.eAutoWorld.com

April 17 & 18, 2002

The Ritz Carlton / Dearborn, MI

viewpoint

3P: TOYOTA'S SECRET WEAPON

The Toyota Production System has been widely documented. But the ultimate weapon in Toyota's arsenal—called Production Preparation Process—has gone virtually unnoticed.

Joseph C. Day, chairman and CEO of Freudenberg-NOK and cofounder of The Lean Center LLC in Plymouth, Mich., offers these insights into this powerful tool.

What is Production Preparation Process?

Production Preparation Process, or 3P, is a technique used to invent or completely re-design a manufacturing process to achieve huge reductions in manufacturing cost and capital expenditures. We consider it Toyota's secret weapon. It's extremely powerful, but there has been virtually no literature available on 3P.

How does 3P work?

In a typical *kaizen* project, you tweak an existing shop floor process. With 3P, you start with a clean sheet of paper.

Traditionally manufacturers tend to concentrate on maximizing the efficiency of existing capital, labor and materials to achieve the lowest cost. With 3P, we turn it around and focus on minimizing the total resources—capital, labor and floor space—needed to meet the customer's requirements. It's a subtle but important difference.

What sort of savings is possible with 3P?

We've been using 3P at Freudenberg-NOK since 1998, and in every case our capital expenditures were cut more than 40%, manufacturing cost was reduced more than 20% and labor content fell more than 50%.

It's important to note we achieved that level of improvement in an environment that already was lean. You can imagine the benefits in a traditional manufacturing setting.

Are there other benefits?

3P also helps you build an entire business case for a new product process before any capital has been invested. And it can help you to accurately predict what your costs and quality will be, long before any production begins.

What can 3P do for the auto supplier community?

It can purge a great deal of waste from the supply chain and help suppliers protect profit margins while meeting

cost-down targets. Since suppliers make two-thirds of the industry's capital expenditures each year, a 50% percent reduction can strengthen the supply base's position by billions of dollars.

When is 3P most effective?

It is effective across the board, whether you're designing new capacity for new products, designing new capacity for existing products or even obsoleting existing capacity for current products to achieve breakthrough cost. Oddly enough, a company doesn't have to be lean to benefit from 3P. Perhaps that's why Toyota doesn't talk about it.

COST DOWN.

You Need It Now.

The Lean Center can help.
Proven teaching tools for Lean & Six Sigma—
and we teach on your factory floor.

*It's time
to get
to work!*

THE LEAN
CENTER

A Teaching Company

734-354-LEAN www.theleancenter.com

Where can I learn more about 3P?

At The Lean Center, you can learn from our experience. After discovering and using 3P, we've tailored it into a teachable tool that conforms to QS9000 and fits the American mindset.

The best part is that companies learn the process as they conduct actual projects in their plants, so they start saving with the very first project.

For more information on 3P, lean systems and Six Sigma training, contact The Lean Center LLC at (734) 354-LEAN or visit www.theleancenter.com.