Interviews and Findings from Industry Leaders

Navigating a Path to Change

Russell Reynolds Associates and Booz & Company present a
Leadership Strategy for Changing the Manufacturer-Supplier Relationship

booz&co.

Russell Reynolds Associates

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Introduction

The U.S. and European automobile industry is in the midst of a critical period in its history. Margins continue to decrease; legacy costs, such as debt service, pensions and healthcare, remain an ongoing burden. Volatility in the commodities markets is driving costs to new heights. Competition has increased, not only from long-standing Asian manufacturers, like Toyota and Honda, but also from new market entrants, such as Tata and Chery. At the same time, however, there is extraordinary opportunity: research and development efforts in alternative fuels and high-performance materials are reaching a critical mass, while the globalization of markets and of the supply chain offers a wider range of possibilities for sourcing and sales.

Taking advantage of these opportunities and overcoming these challenges requires a healthy relationship between manufacturers and suppliers. This relationship is where innovation is implemented, quality levels are determined and costs are controlled. Furthermore, many of the industry's opportunities can only be exploited if manufacturers and suppliers work in concert, making "big bet" investments in research, infrastructure and markets, and sharing advanced technology. However, the manufacturer-supplier relationship is beset by a great deal of friction, the result of decades of mistrust between historically unequal partners. That friction has increased in recent years in the face of the lower margins and greater market pressure; indeed, some manufacturers that were once praised by suppliers for even-handedness have recently adopted a notably more aggressive approach.

> In order to successfully seize the opportunities before them, manufacturers and suppliers will have to make a conscious effort to instill a new culture and adopt new behaviors in their interactions with each other.

The traditional adversarial approach no longer works at a time when each side must commit its best people, capital and technology to succeed. To move ahead, the forward-thinking executives in place must be supplemented with a new generation of leaders who combine the requisite technical mastery with the ability to implement cultural change—and the determination to "stay the course" in the face of adversity. Both manufacturers and suppliers need to hire executives with different competencies and backgrounds than they currently do, and support those executives with effective incentives and professional development for their teams.

Methodology

To determine the elements of a successful manufacturer-supplier relationship and the competencies needed by leaders working toward or sustaining such a relationship, the Automotive Practice of Russell Reynolds Associates partnered with the Automotive, Transportation and Industrials Practices of Booz & Company to conduct 43 in-person surveys of senior executives at nine major manufacturers and 19 major suppliers in the United States and Europe, focusing on their global operations and practices. These interviews covered the nature of the relationship between their firm and their supplier vendors or manufacturer customers, how those relationships have changed over time, where the relationships worked and where there was room for improvement. An analysis of those interviews, conducted with Cambria Consulting, resulted in a clear identification of the characteristics of high-performing relationships, the environment necessary to sustain those partnerships, and the qualities needed in executives charged with implementing high-performing partner relationships.

A Spectrum of Approaches

Much of the discussion regarding the manufacturer-supplier relationship in recent years has been framed in terms of two contrasting models.[1] The first is the **price-based sourcing** relationship which has traditionally dominated in the United States. Here, the manufacturers call for competitive bids on the desired goods, fighting to get the lowest prices for components and materials that meet the specifications they set. Suppliers, in turn, look to meet exactly those requirements at the highest prices they can command—and make up what they give up in price concessions by charging aggressively for design changes. There is little motivation for either side to collaborate or share knowledge.

In contrast, the second model—**relationship-based sourcing**—is centered on collaboration. This model is the favored approach in Asia, where it integrates naturally with lean manufacturing and just-in-time supply chain management. Manufacturers and suppliers work together to develop ways to provide components and materials more inexpensively and share knowledge to foster innovation. The supplier receives a price that reflects a profit margin both sides agree to, as well as incentives for product improvement and further cost reduction. While the supplier has less autonomy over its bottom line, it enjoys a steadier and more secure business partnership.

The survey found that, generically speaking, most companies would prefer to choose the relationship-based model over the price-based approach, apparently drawn to the potential value of close, interwoven—and sometimes interlocked—relationships with their suppliers. At the same time, they acknowledge that the relationship-based model is difficult to implement and often ends up a wish-list item that recedes from possibility, even as the company may transform itself in other ways, such as by improving corporate governance and manufacturing efficiency.

The tendency to regard relationship-based sourcing as the superior model primarily comes from the success of Toyota and Honda, as well as a number of European manufacturers, in developing and perfecting it. But it must be remembered that Asian manufacturers often have a significant ownership

[1] Bill Jackson and Michael Pfitzmann, "Win-Win Sourcing," *strategy+business*, Summer 2007, 64-71; http://www.strategy-business.com/media/file/sb47_07207.pdf.

stake in their suppliers, making direct comparisons difficult. Further, the relationship-based sourcing model has yet to be tested in an extended downturn. In fact, in the current competitive environment, some automakers traditionally identified with the relationship-based sourcing model have begun to implement profit improvement targets usually seen in price-based sourcing.

To a certain extent, a company's choice of the relationship model depends upon its underlying company culture and how it perceives itself in the marketplace. Correctly or not, a company whose financial back is to the wall may not see itself as having the "luxury" of adopting a more collaborative approach. Taking a price-based approach may in fact be a rational choice, if one is in a position of strength or dealing in commodity goods. Such a relationship, however, may not be optimal in the long run or even sustainable, especially if fortunes shift.

In the real world, manufacturer-supplier relationships are more fluid and less rigidly defined than they once were—or, perhaps, than the constraints of a survey can define them. Indeed, companies in the automotive industry actually have a few choices now. They can navigate the difficult operational waters to develop a relationship-based supplier model, or they can be more disciplined in making a transaction-based supplier model work. Or, they can opt for a middle ground which acknowledges that even collaborative relationships may become more adversarial (when focused, for example, on commodity goods), and that pockets of collaboration can emerge even between manufacturers and suppliers who take a zero-sum approach.

This emerging middle path, known as "coopetition," involves companies moving deliberately between competition, collaboration and its various hybrids as the situation demands but always with transparency and an eye on protecting the long-term relationship.

Coopetition has its virtues, to be sure, especially when it is well managed. But in some companies, this middle path reflects muddled thinking in which parts of the organization try to move towards a relationship-based model and other parts hold to the transactional option, with the result being nothing but inconsistency.

Survey Findings

The survey confirmed that a wide range of approaches are being used, from the highly collaborative, to the traditionally price driven, to the middle ground of coopetition. While many manufacturers and suppliers have adopted the language of relationship-based sourcing, it is not always clear if such language is matched by the structural and organizational changes and the fundamental shifts in thinking and attitude that are necessary, either because change initiatives were undertaken but simply could not displace the embedded culture, or because a market downturn caused a revision to well-ingrained behaviors.

The study also found that, overall, European manufacturers are more likely to use the collaborative model than their U.S. counterparts. Sometimes this difference can be seen even when comparing the European and American operations of the same company. Part of the reason is that in Europe, different cultures and different nationalities among OEMs and suppliers have had to cooperate for so long—for example, they speak different languages during negotiations—that a collaborative model is more natural. In addition, there is often a much higher level of internal cross-functional communication found in European operations.

> With European engineering and purchasing departments working side by side through much of the sourcing process, individual agendas are set aside more readily, and targets can be more easily agreed upon. U.S.-based manufacturers, on the other hand, tend to be more siloed in their operations.

While the purchasing department might work with suppliers to identify possibilities for cost reduction, implementation is left to engineering which is not as fully invested in the process because it has not been as involved along the way.

The differences in the U.S. and European approaches are also reflected in hiring philosophies. When hiring purchasing managers, U.S. automakers have traditionally emphasized business competencies. European manufacturers, on the other hand, often place just as much weight on having a solid technical background, which is an essential ingredient in building a collaborative relationship around products defined by technical specifications and performance measurements. Furthermore, U.S. manufacturers have lost leverage with their suppliers in recent years, by outsourcing to them not only the manufacturing of components but the integration of complete systems. Europe also has the benefit of having fewer product lines and a less diverse market, as well as having grappled with fundamental issues for a longer period, due to the downturn that started there in 2002.

The most important observation is the undercurrent of dissatisfaction on both sides with the current state of affairs and a strong desire for change that transcends whatever variations there are between individual manufacturers and suppliers.

Even firms comfortable with the price-based approach are aware that a transaction mindset is not optimal for doing business. As one of our respondents summarized, “We can work within any model as long as there is trust, transparency, predictability and consistency in the relationship.”

Characteristics of High-Performing Relationships

Survey respondents identified the elements they prized the most and the areas needing improvement in their manufacturer-supplier relationships. From these responses, we identified eight relationship best practices that apply no matter which model is used.

Commitment from the top. Establishing and maintaining a high-performing relationship between manufacturers and suppliers requires commitment from the CEO and senior management to trust and transparency, and ensuring that the purchasing and supply leaders have the authority, people and resources to perform as required. The CEO must communicate by word and action that behaviors impeding a high-performing relationship with business partners will not be tolerated and that the leaders charged with implementing and managing those relationships have the CEO’s support. This will help ensure that necessary changes take hold and the organization behaves consistently over time, which is essential for building strong partnerships.

Creating alignment. Partners share information more readily with manufacturers when they perceive their interests to be aligned by the growth opportunity that can come from such an exchange.

Recognizing the value of a good relationship. Good relationships have a real impact on the bottom line and are treated and cared for like the assets that they are; the cost and effort of maintaining them is seen as an investment rather than an expense.

Clarity of purpose. Understand what can and cannot be accomplished in the relationship. Manufacturers cannot look to suppliers to erase their legacy costs; suppliers cannot expect to push down the legacy costs as they are confronted with increasing commodity prices. Establish what an optimal relationship looks like, identify the benefits, and work toward that goal.

Understanding the other side’s business. The innovation that comes from true knowledge sharing cannot take place unless each team has the technical expertise to roll up their sleeves and work alongside the other.

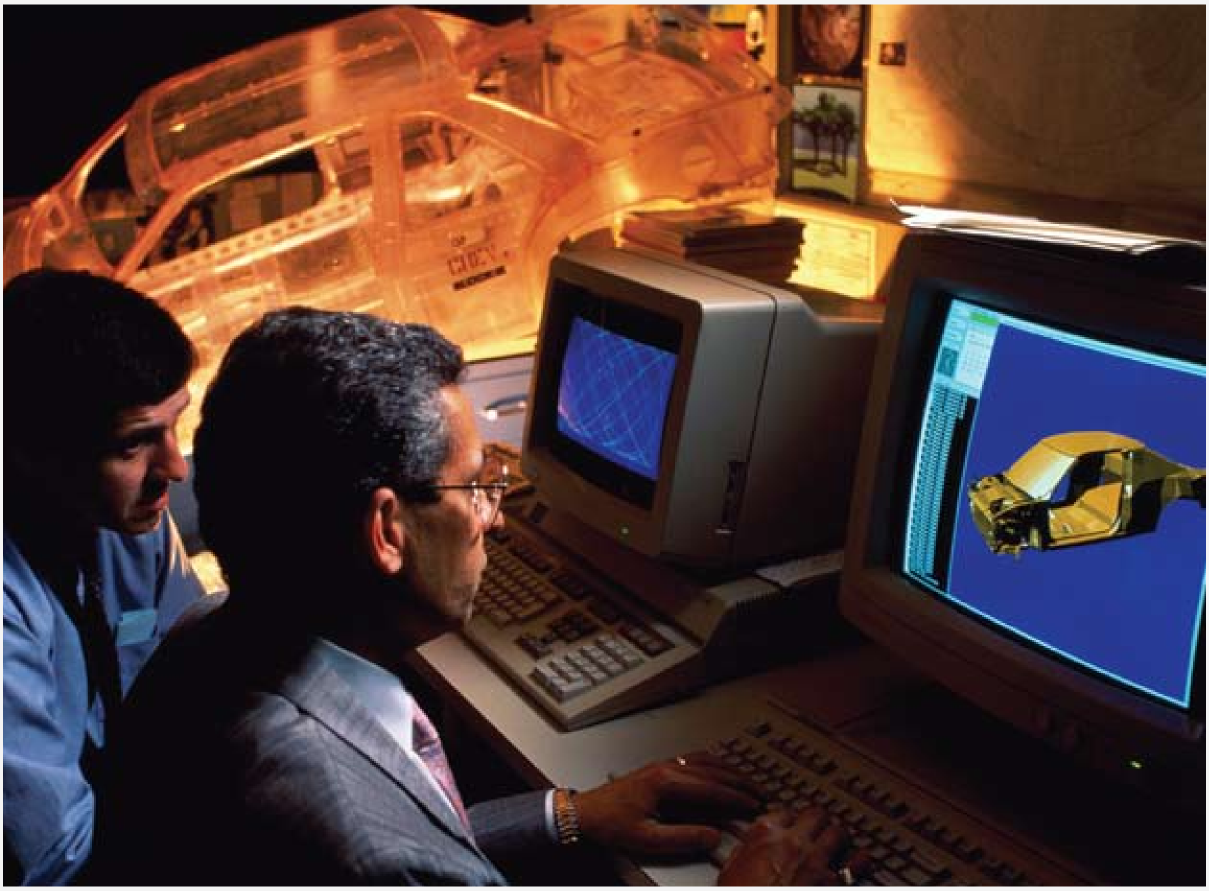
Peer-to-peer understanding needs to extend up the hierarchy to key decision makers, who need to grasp each other’s priorities and goals, in addition to the subject-matter issues involved.

Suppliers noted that they had stronger relationships with manufacturers that heavily involved their engineering departments in purchasing decisions.

Streamlining decision making. Each side must have one accessible person who is in charge of the relationship both externally (to maximize responsiveness) and internally (to foster cross-functional communication between departments and teams). This will also allow the rapid flow of communication necessary for innovation.

Getting beyond the transactional. Manufacturers might be surprised to learn that suppliers are eager to work with them to tackle complex problems, from reducing supply chain costs to achieving sustained excellence in areas that reinforce the brand message. Even price-based relationships contain considerable knowledge resources that go untapped. Each side should challenge the other to think beyond conventional solutions and methods and should work together enterprise to enterprise to break down siloed thinking.

Codifying the relationship. Establish a knowledge management system and bilateral action plan that ensure the relationship survives beyond the involvement of current participants. This should include agreed-upon key performance indicators for assessing the state of the relationship, areas for improvement, and protocols to maintain open communication and transparency between both parties. Setting priorities will also encourage thinking with a long-term horizon and helping to keep parties from reverting to old behaviors when times get tough.



Prerequisites for Positive Change

For companies looking to increase the performance of their manufacturer-supplier relationships, outlining the best practices of those relationships is only the first step. Forward-thinking executives who wish to implement these practices must also create an environment that allows for such relationships to be established and sustained.

> The first task is to overcome decades of mistrust between manufacturers and suppliers, an "us versus them" mindset and a short-term mentality focused on making this quarter's cost-reduction (or sales) goals.

Under those conditions, there is little inducement for suppliers to share information about real costs or to spare high redesign charges. Nor can they be expected to collaborate on innovation, share technology or make a substantial capital investment in facilities or research and development, if they know they could lose the account to a rival who underbids them by a slight margin. The lack of communication and shared knowledge, in turn, leads to a highly inefficient cycle of specifications and requirement changes that undermine the quality and innovation of the final product.

This inertia is reinforced by the automobile industry's high level of geographic concentration—few industries are as densely clustered in just a few cities around the world—and "ingrown" tendencies: Many automobile executives are the second (and sometimes third) generation of their families to work in the industry. Furthermore, with the exception of certain functions, such as finance and human resources, a high percentage of automotive executives have spent their entire careers in the industry. As a result, there is less of the continual influx of new people and new ideas enjoyed by other sectors. There is less comfort with adopting new business models and more of a reliance on making incremental improvements in existing approaches.

None of this history presents an insurmountable obstacle to change. But, it does place extra importance on the competencies of those chosen to effect the transition, who must act not only as functional leaders but also as change agents. In that latter role, both manufacturing and supply executives must be able to create agile learning organizations. Such groups encourage new thinking —often drawing from non-traditional or outside sources—and do not shy away from disruptive approaches. Always testing assumptions and unafraid to admit errors, they use their learning to continually revise their business practices. Doing so requires a culture of trust that begins within the organization and extends outward to other organizations with which they do business; transparency and consistency are defining principles. Finally, they overcome the impulse to a transaction mindset and an "us versus them" worldview and instead establish true business partnerships that are focused on a long-term horizon. A solid working relationship is valued as the asset it is and never sacrificed for short-term gain.

Implementing Positive Change

Having created an environment in which change can take place, an executive must then successfully drive that change.

> Driving change requires a sustained, tough-minded sense of mission that will overcome inertia and naysayers. The executive must take the commitment of the board and the CEO and translate it into a sense of urgency down the ranks of the team.

Skeptics must be engaged in meaningful dialogue—converted to the new paradigm through persuasion and instilled with a sense of compliance. If that fails, replace them.

The leadership must also develop and leverage a network of internal and external relationships that provide the social capital and resources to support new initiatives, and to act as a sounding board for new ideas. Such a network is established by evincing a genuine understanding of others and by delivering on commitments over a long period of time. The resulting network provides the channels through which the executive can institutionalize change.

Essential Executive Competencies

Establishing high-performance relationships between manufacturers and suppliers requires leaders who can create and maintain an environment that transcends the regressive pull of a complicated history and then drive the necessary change within that new environment. Our research and experience suggest that a specific set of competencies is required to do so. While no single person is likely to possess all of the characteristics, the following is a collective list of competencies that must exist within the relevant senior leadership teams. The correlation between needed competencies and the prerequisites for success is outlined in Table 1.

Knowledge and Experience

Business Acumen: Having a thorough grasp of details, key business drivers and where the most value can be obtained.

Indicators:

- In-depth understanding of the other party's strategy and how the other party makes money;
- Understanding the global landscape of other suppliers, cost factors, currencies, etc.;
- Awareness of the risks regarding cost, availability, alternative sourcing versus sole sourcing opportunities, etc.; and
- Being in touch with emerging technology and regulatory trends and the impact on the supplier business and the manufacturer relationship.

Counter-indicators:

- Caught off guard by competitive, market, and/or economic developments that affect the business.

Strategy

Vision: The ability to create a compelling view of the future and the breakthrough opportunities that may arise from that perspective.

Indicators:

- Seeing the long-term benefits of a more collaborative business relationship;
- Able to make game-changing "bold moves";
- Persuasively articulating the vision and its benefits to other stakeholders; and
- Holding to a long-term, well-articulated view of how the ideal business relationship would work and the economic benefits that can accrue from it.

Counter-indicators:

- Focusing on short-term advantage rather than striving for longer-term gain; and
- Unwillingness to embrace a broader view or sacrifice the short term.

Learning Agility (Open-Mindedness): The ability to quickly absorb and understand the significance of new information in dynamic situations, despite preconceived notions.

Indicators:

- Willing to suspend preconceived notions about how business can or should be conducted;
- Considering different ideas (even those from the "opposing party");
- Openness to suggestions for improving value to price; and
- Seeking first-hand knowledge of the other party's operations through field visits.

Counter-indicators:

- Unwillingness to consider approaches that are different from those that have achieved "success" in the past; and
- Equating the validity of ideas with experience in the industry.

Execution

Drive for Results: Rigorous insistence on one's own and others' accountability for achieving high levels of individual and organizational performance.

Indicators:

- Setting challenging goals for mutually beneficial dealings;
- Relentlessly focused on efficiencies and costs;
- Stating clear goals and expectations up front in discussions; and
- Being firm but fair in driving performance expectations, with knowledge of how far the other party can be pushed.

Counter-indicators:

- Putting unreasonable demands on the other party; and
- Using threats to get results, pushing others to the breaking point.

Tenacity/Persistence: Holding steadfast to a view of what must be done, pursuing goals despite significant obstacles or resistance from others.

Indicators:

- Seeking to demolish the organizational obstacles to changing the nature of the business relationship;
- Taking the long view and not becoming disappointed by the slowness of progress or setbacks; and
- Holding unwaveringly to the vision of the ideal business relationship.

Counter-indicators:

- Exhibiting a “cannot be done, so why bother” mindset;
- Viewing legacy obstacles as insurmountable;
- Becoming frustrated with major stumbling blocks and reverting to old behaviors in response; and
- Harboring negative expectations that meaningful progress in the relationship can be made.

Entrepreneurial Drive: Quick to seize and capitalize on trends and opportunities.

Indicators:

- Looking for and quickly seizing new business opportunities;
- Adeptness at scoping out other sources of supply, leverage points, cost-saving opportunities, etc.;
- Seeking creative “win-win” solutions to seemingly intractable problems or obstacles; and
- Continually scanning the environment for opportunities for leverage.

Counter-indicators:

- Being risk averse, preferring “tried and true” approaches; and
- Unwillingness to try approaches that go beyond one’s comfort zone.

Analytic Skill/Systems Thinking: Applying logic and sound reasoning to reveal root causes in a broader context.

Indicators:

- Viewing the whole process of how all the pieces fit together, interact and affect one another;
- Envisioning ways to streamline processes and make the paths clear; and
- Being able to lay out a structured, clear, transparent path and approach.

Counter-indicators:

- Addressing issues one at a time and in isolation;
- Focusing on point solutions (e.g., price) without considering the consequences for other parts of the larger process; and
- Preferring conceptual over concrete approaches to working out solutions to problems.

Relationships and Influence

Interpersonal Acumen: Understanding people and taking their feelings and perceptions into account when making decisions.

Indicators:

- Acknowledging and respecting the reasons others act as they do;
- Understanding the concerns and fears of the other party to the business relationship;
- Treating others with respect despite disagreement;
- Able to appreciate the other person's perspectives;
- Understanding the motives and concerns of one's customers or counterparts; and
- Sizing up "who is best at doing what" on one's own team and those of the business partners.

Counter-indicators:

- Lacking appreciation of or not understanding why business partners react to their tactics as they do; and
- Viewing others' concerns, past actions, historical attitudes or behaviors as illegitimate or unreasonable.

Flexibility: Adapting attitudes and behavior to work effectively with different people and situations.

Indicators:

- Working with different business partners who have different business models and approaches (e.g., predictable/unpredictable; legalistic/collaborative, etc.); and
- Adeptness at negotiating in response to changing circumstances.

Counter-indicators:

- Unwilling or unable to modify tactics as situation requirements change;
- Sticking to a preferred style or method of operating when dealing with people using different styles or methods; and
- Resistant to compromise to achieve a greater mutual result.

Transparency: Being straightforward, frank, open and direct with others.

Indicators:

- Forthcoming about business model and strategy;
- Willing to open the books to reveal the basis of requirements and cost objectives;
- Open and willing to trust others at their word until proven otherwise; and
- Willing to "share the toolbox."

Counter-indicators:

- Harbors hidden agendas with business partners;
- Shades the truth or reveals only that which favors one's own argument; and
- Declines to offer the reasoning behind positions or requirements.

Integrity: Doing the right thing, having the courage of one's convictions and adhering to strongly held principles and values.

Indicators:

- Demonstrating consistency in behavior;
- Being true to one's word and meeting verbal commitments as if they were written agreements;
- Holding to the highest ethical standards in dealings with others;
- Acknowledging and respecting intellectual property boundaries; and
- Ensuring rapid follow-through on promises and commitments.

Counter-indicators:

- Saying one thing and doing another;
- Acting out of expediency rather than what is best for the business relationship;
- Frequently changing the rules of engagement; and
- Exploiting others' weaknesses to gain the advantage.

Table 1: Executive Competencies Needed to Effect and Implement Positive Change

Prerequisites for Positive Change	Implementing Positive Change				
Competencies	Create an Agile Learning Organization	Create a Culture of Trust	Create True Business Partnerships	Sustained Sense of Mission	Develop and Leverage Relationships
Knowledge and Experience					
1. Business Acumen			✓		
Strategy					
2. Vision			✓	✓	
3. Learning Agility	✓		✓		
Execution					
4. Drive for Results		✓		✓	
5. Tenacity/Persistence	✓	✓	✓	✓	
6. Entrepreneurial Drive	✓				
7. Analytic Skill/Systems Thinking			✓		
Relationships and Influence					
8. Interpersonal Acumen	✓	✓	✓		✓
9. Flexibility	✓	✓			✓
10. Transparency		✓	✓	✓	✓
11. Integrity		✓	✓	✓	✓

U.S. and European manufacturers and suppliers evaluating their leadership teams against these competencies are not starting from zero; instead, the task is to identify which competencies are missing or underdeveloped in the current leadership team. While the answer will vary from company to company, it is likely that certain qualities will be strongly represented and others less so since most U.S. and European firms are rooted in the competitive, price-based model, which emphasizes certain competencies in its talent management processes.

Table 2: Expected Competency Inventory, Manufacturers

Developed Competencies	Less-Emphasized Competencies
Business Acumen	Vision
Drive for Results	Learning Agility
Tenacity/Persistence	Flexibility
Entrepreneurial Drive	Transparency
Analytic Skill/Systems Thinking	
Interpersonal Acumen	
Integrity	

Table 3: Expected Competency Inventory, Suppliers

Developed Competencies	Less-Emphasized Competencies
Business Acumen	Vision
Learning Agility	Entrepreneurial Drive
Drive for Results	Analytic Skill/Systems Thinking
Tenacity/Persistence	Transparency
Interpersonal Acumen	
Flexibility	
Integrity	

The Challenges Ahead

Our survey of automotive manufacturers and suppliers reveals both opportunities and challenges for an industry in significant need of new thinking. Both sides are dissatisfied with the status quo. The preconditions and best practices that characterize high-performing relationships are clear and achievable, and it is possible to identify the qualities needed in executive leadership on both sides to achieve that change.

If the path is clear, the question then becomes one of charting the course from one point to another. Several steps present themselves:

1. **Do not take a formulaic approach in addressing the manufacturer-supplier relationship.** The answer is not to copy Toyota but to analyze the particular situation, identify areas for improvement

and develop a corresponding strategy. Use opportunities for growth as a motivator. Identify clear goals involving brand development, market impact, product innovation or environmental gains—among many other possibilities—and determine the management capabilities, resources, sourcing skills and strategic models that you will need to reach these benchmarks.

2. **Rigorously examine each business relationship, and focus efforts on pursuing and maintaining those in which a true partnership seems possible.**

3. **Identify and implement process improvements to remove waste from the value chain, such as better communication to reduce revisions and improve estimates**. Establish senior point people on both sides of the relationship who can be the internal "voice of the partner," insuring that the entire organization approaches the relationship in a predictable, reliable way. Make sure that these managers appreciate the value of the chosen sourcing model and know well, ideally from first-hand experience, how to execute it. Support those leaders with a team that can rapidly solve problems that occur on the front lines.

4. **Evaluate the management team charged with the relationship to ensure that they have the collective competencies and drive to effect the necessary changes.** Develop a talent management plan reaching from recruitment to professional development that reinforces the needed competencies. Explicit in this plan should be a recognition of the value that the procurement and sourcing departments, which man the front line in the day-to-day interaction with suppliers, can bring to the relationship. Evaluate current and potential executives against benchmarks that cover technical expertise; entrepreneurial skills, such as communication and coordination; and traits like learning agility, transparency and integrity.

5. **Attack siloed thinking by building cross-functional, cross-cultural teams.** In particular, manufacturers will benefit by increasing the technical fluency of their purchasing departments. Moreover, to further eliminate siloed decisions about the purchasing model or the combination of models that are to be implemented, these decisions should be corporate-wide actions or at least actions that affect all parts of a product or model; they should not be functional decisions.

6. **Align incentives to reinforce cultural change centered on building trust between parties.** Breaking a "trust metric" needs to be regarded with the same concern as missing a quarterly performance number.

7. **Create a developmental path that can scale out to larger groups throughout the organization, from one car model to another—and perhaps one country to another—promoting efficacious supplier relationships.** Organizations are ingrained with habits and assumptions that frequently prevent them from operating in the corporation's self-interest. Consequently, a group that has successfully implemented a supplier relationship that fits well with the strategic goals of the company and delivers a tangible return should be considered a center of excellence, from which other parts of the organization can learn and adopt precepts and behaviors.

Each of these steps will benefit from executives who bring perspectives from outside the automotive industry, or at least from the other side of the manufacturer-supplier divide. The board of directors can be a role model in this regard, since good corporate governance practices already encourage assembling a board comprised of independent directors with a wide set of backgrounds and strategically critical skills. For senior management positions, search committees should consider widening the talent pool to include executives from other manufacturing industries and then, more broadly, from mature, capital-intensive, process-oriented sectors whose executives face many of the same challenges seen in the automotive industry.

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Russell Reynolds Associates | Global Offices

Americas

Atlanta
1180 Peachtree St., NE
Suite 2250
Atlanta, GA 30309-3521
United States of America
Tel: +1-404-577-3000

Boston
One Federal Street
25th Floor
Boston, MA 02110-1007
United States of America
Tel: +1-617-523-1111

Buenos Aires
Buenos Aires Plaza
Manuela Sáenz 323
Seventh Floor, Suites 14 and 15
C1107CBP Buenos Aires
Argentina
Tel: +54-11-4118-8900

Chicago
200 South Wacker Drive
Suite 2900
Chicago, IL 60606-5802
United States of America
Tel: +1-312-993-9696

Dallas
8401 N. Central Expressway
Suite 650
Dallas, TX 75225-4404
United States of America
Tel: +1-214-220-2033

Houston
600 Travis Street
Suite 2200
Houston, TX 77002-2901
United States of America
Tel: +1-713-754-5995

Los Angeles
11100 Santa Monica Blvd.
Suite 350
Los Angeles, CA 90025-3384
United States of America
Tel: +1-310-775-8940

Menlo Park
2500 Sand Hill Road
Suite 105
Menlo Park, CA 94025-7015
United States of America
Tel: +1-650-233-2400

Mexico City
Torre Reforma
Paseo de la Reforma
115-1502
Lomas de Chapultepec
11000 México, D.F.
México
Tel: +52-55-5249-5130

Minneapolis/St. Paul
225 South Sixth Street
Suite 2550
Minneapolis, MN 55402-3900
United States of America
Tel: +1-612-332-6966

New York
200 Park Avenue
Suite 2300
New York, NY 10166-0002
United States of America
Tel: +1-212-351-2000

San Francisco
101 California Street
Suite 2900
San Francisco, CA 94111-5829
United States of America
Tel: +1-415-352-3300

São Paulo
Av. Nações Unidas, 8.501
11° Andar
05425-070 São Paulo
Brazil
Tel: +55-11-3566-2400

Stamford
301 Tresser Boulevard
Suite 1210
Stamford, CT 06901-3250
United States of America
Tel: +1-203-905-3341

Toronto
Scotia Plaza, Suite 3410
40 King Street West
Toronto, ON
M5H 3Y2
Canada
Tel: +1-416-364-3355

Washington, D.C.
1701 Pennsylvania Avenue, NW
Suite 400
Washington, D.C. 20006-5810
United States of America
Tel: +1-202-654-7800

Asia/Pacific

Beijing
Suite 1320, China World Tower I
No. 1 Jian Guo Men Wai Avenue
Beijing 100004
China
Tel: +86-10-6505-2688

Hong Kong
Room 1801, Alexandra House
18 Chater Road Central
Hong Kong
Tel: +852-2523-9123

Melbourne
15th Floor
Bourke Place
600 Bourke Street
Melbourne VIC 3000
Australia
Tel: +61-3-9603-1300

Mumbai
Unit 9(A), Grand Hyatt Plaza
Santacruz (East)
Mumbai 400 055
India
Tel: +91-22-6733-2222

New Delhi
A4, Tower A
The Qutab Hotel and Apartments
Shaheed Jeet Sing Marg
New Delhi 110 116
India
Tel: +91-11-4603-4600

Shanghai
Room 4504, Jin Mao Tower
88 Century Avenue
Pudong, Shanghai 200121
China
Tel: +86-21-6163-0888

Singapore
2 Shenton Way
#08-01 SGX Centre 1
Singapore 068804
Singapore
Tel: +65-6225-1811

Sydney
Level 40 Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
Tel: +61-2-9258-3100

Tokyo
Izumi Garden Tower 14F
1-6-1 Roppongi
Minato-ku, Tokyo 106-6014
Japan
Tel: +81-3-5114-3700

Europe

Amsterdam
World Trade Center
Tower H, 18th Floor
Zuidplein 148
1077 XV Amsterdam
The Netherlands
Tel: +31-20-305-7630

Barcelona
Edificio Prisma
Avda. Diagonal, 613, 2°A
08028 Barcelona
Spain
Tel: +34-93-494-9400

Brussels
Boulevard St.-Michel 27
B-1040 Brussels
Belgium
Tel: +32-2-743-12-20

Copenhagen
Østergade 1, 1st Floor
DK-1100 Copenhagen K
Denmark
Tel: +45-33-69-23-20

Frankfurt
MesseTurm
60308 Frankfurt/Main
Germany
Tel: +49-69-75-60-90-0

Hamburg
Stadthausbrücke
1-3/Fleethof
20355 Hamburg
Germany
Tel: +49-40-480-661-0

London
24 St. James's Square
London SW1Y 4HZ
United Kingdom
Tel: +44-20-7839-7788

Madrid
Calle Miguel Angel, 11
Seventh Floor
28010 Madrid
Spain
Tel: +34-91-319-7100

Milan
Via Mascheroni, 5
20123 Milan
Italy
Tel: +39-02-430-0151

Munich
Ludwigstraße 7
80539 Munich
Germany
Tel: +49-89-24-89-81-3

Paris
7, Place Vendôme
75001 Paris
France
Tel: +33-1-49-26-13-00

Stockholm
Biblioteksgatan 6-8
SE-111 46 Stockholm
Sweden
Tel: +46-8-545-074-40

Warsaw
Belvedere Plaza
ul. Belwederska 23
00-761 Warsaw
Poland
Tel: +48-22-851-68-38

Zürich
Genferstrasse 21
8002 Zürich
Switzerland
Tel: +41-44-447-30-30