

THE CRUNCH IS ON, NO TIME TO LOSE

By John McElroy

THE SITUATION

- The industry is not growing
- Automakers are not growing
- Bad US government policy wasted tens of \$billion\$
- Tariffs causing chaos, raising costs
- Warranty & Recall costs are skyrocketing
- Market share more important than ever
- Automakers need fresh-looking products, with minimal investment and they need it now!

DON'T PANIC!

This is what we do in the auto industry—deal with tough problems.

Always has been that way, always will be.

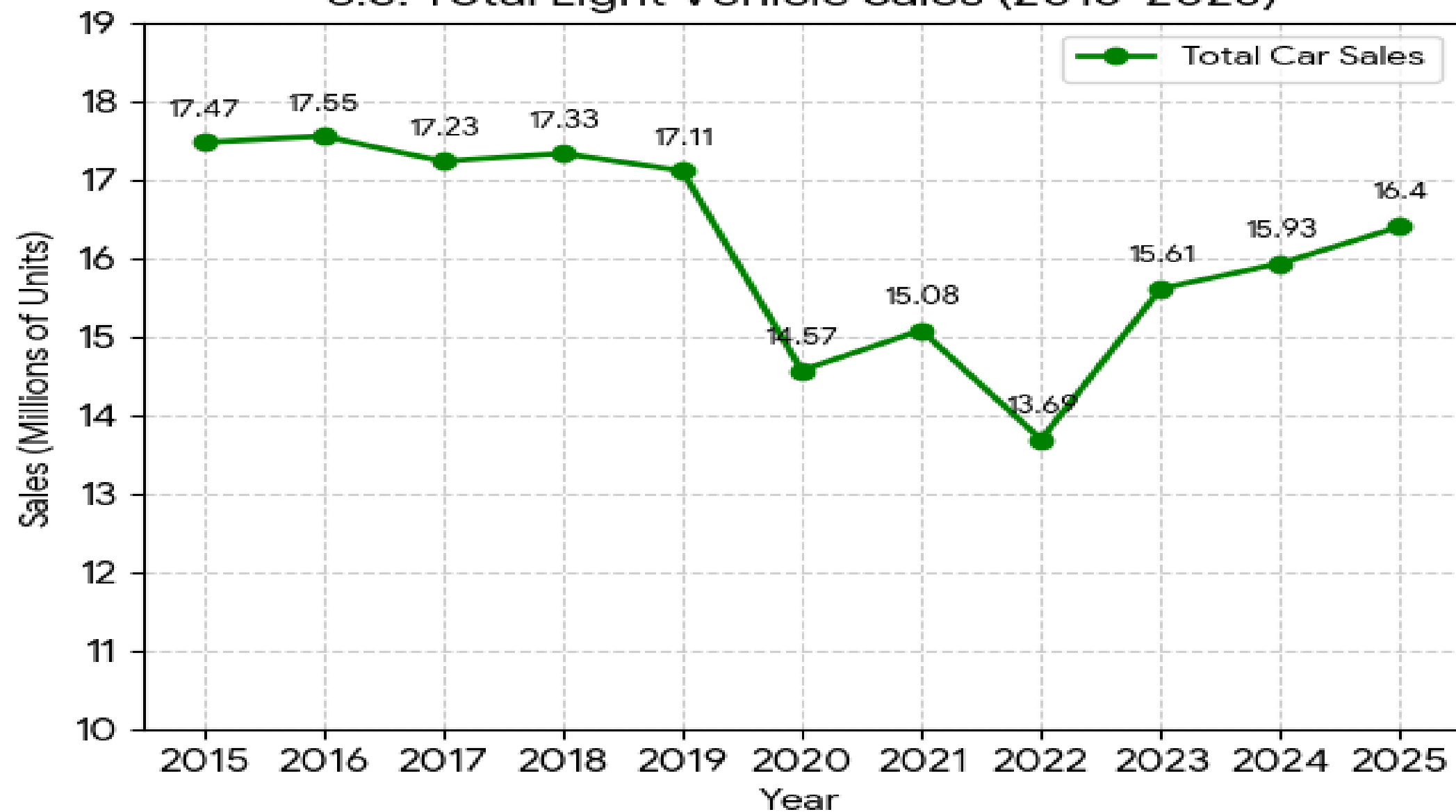
There is nothing wrong with your company that can't be fixed with great products.

The work you do can play a decisive role.

Peak Auto

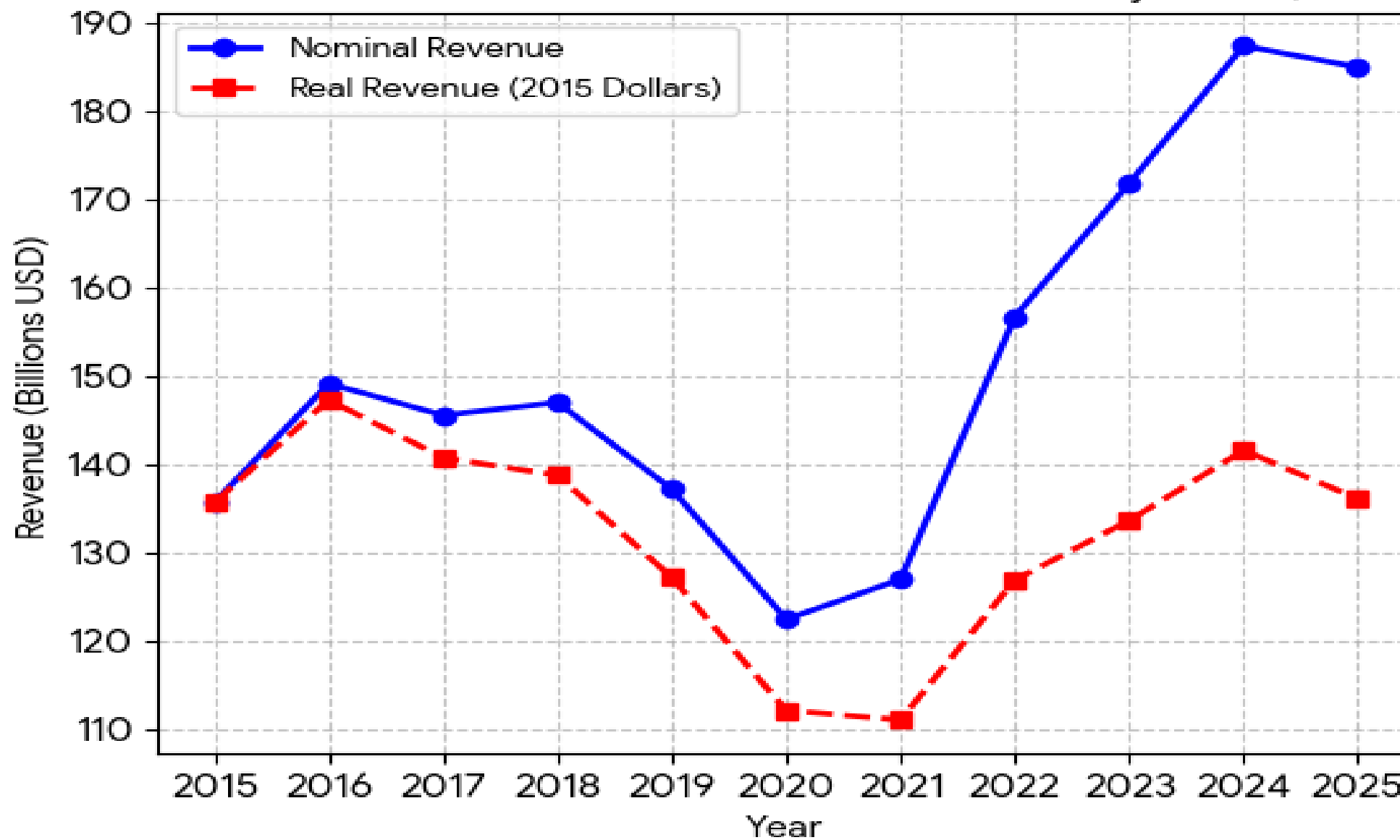
THE INDUSTRY ISN'T GROWING

U.S. Total Light Vehicle Sales (2015-2025)

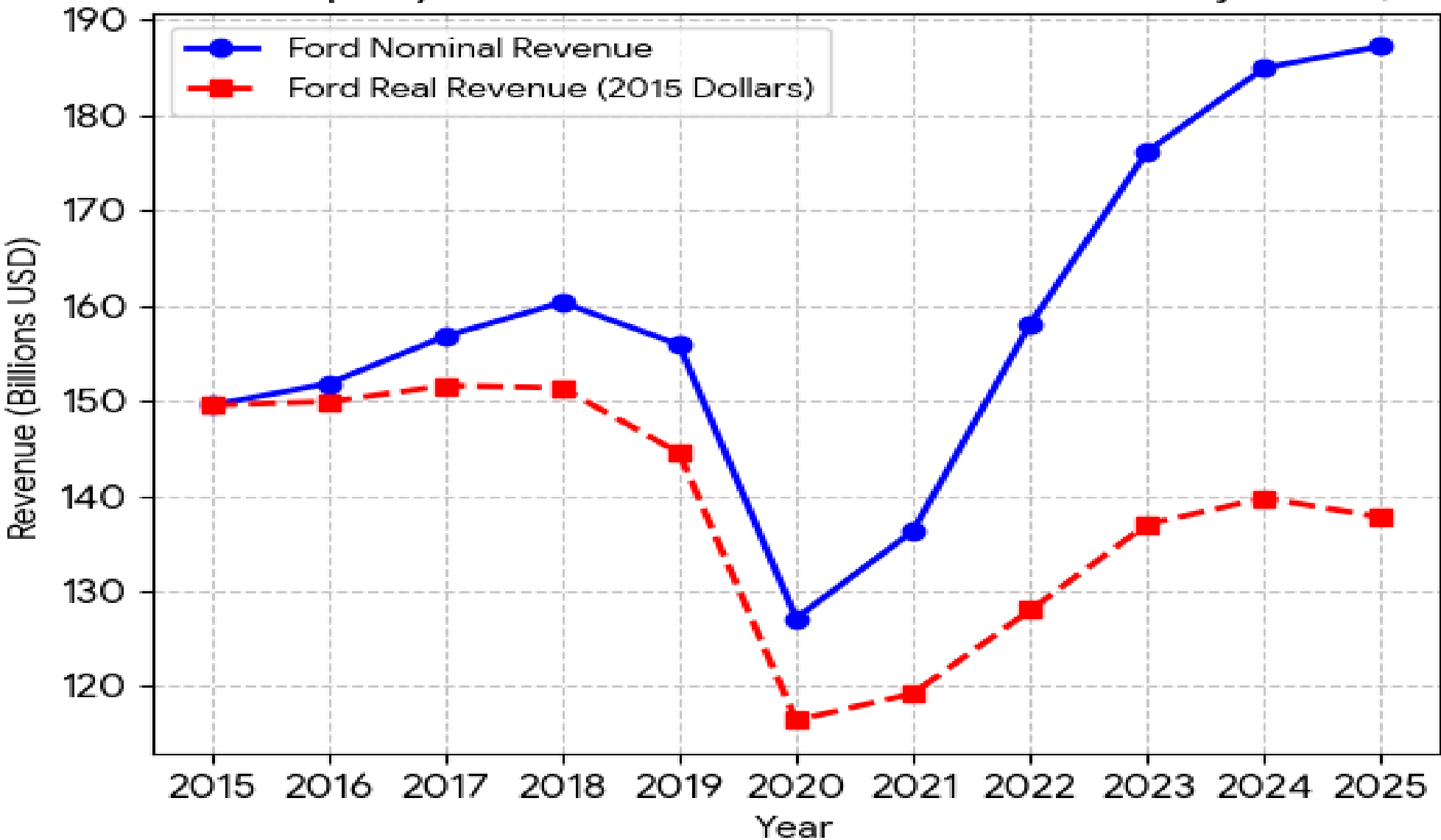


GM & Ford Are Not Growing

General Motors Revenue: Nominal vs. Inflation-Adjusted (2015-2025)



Ford Motor Company Revenue: Nominal vs. Inflation-Adjusted (2015-2025)



It's A Market Share WAR

Customer retention is critical



Affordability Is The Key To Growth

De-contenting or cheapening products is no solution

Need to design cost out of product & process

Re-use & parts commonization is key

GO FASTER!

Ed Welburn hyper car: two people in total

Iterate quickly, with customer feedback. Cheap prototypes: cardboard & scotch tape

Early supplier involvement: Ralph Gilles, we want them at the sketch stage

Burn the legacy specs and requirements

Commando Engineering: Small, cross-functional, co-located teams



Gen. Chance Saltzman,
Chief Space Operations
U.S. Space Force

April 1, 2026 on CSPAN

“Smart risk taking starts with how we write our requirements. In the past we tried to control risk by detailing system specs at a very granular level. We generated hundreds, maybe thousands of requirements, that tried to capture exactly what we wanted from every aspect of a system. They were often so specific, so onerous, that industry struggled to deliver what we wanted, especially on relevant time lines and at reasonable cost. When we offer requirements to industry, I wish they would go, ‘these are stupid.’

Now we’re focused on mission outcomes, defining in a few simple phrases what effects the Space Force needs to win. And then giving our program managers the room to maneuver. We’re giving our program managers the resources to manage the risk, the resources, and to make the trades at much lower levels, keeping these programs agile, and ensuring they deliver what the Joint Force needs on time.”

CHINA'S SOLUTION: COMMON COMPONENTS

CATARC: China Automotive Technology and Research Center

National Technical Committee of Automotive Standardization (**NTCAS**)

CCC: China Compulsory Certification: one-stop certification

Using common components across the industry gives China massive scale

Common components a key to fast PD

JAMA WANTS COMMON COMPONENTS ACROSS JAPANESE AUTO INDUSTRY

toyotatimes.jp/en/toyota_news/1101.html

Ask Gemini

← → ↺

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MENU

#JAMA # Koji Sato

JAMA's New Seven Priority Challenges: From Vision to Implementation

2026.04.20

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The "New Seven Priority Challenges" are moving from concept to action. At its first press conference under new leadership, the Japan Automobile Manufacturers Association outlined progress and the road ahead.

- From "reactive" to "collaboration with intent"
- Progress and challenges



SIMPLE NEW VEHICLE PROGRAM COSTING (REVENUE-TARGETED COSTING)



HOW TO GENERATE MORE REVENUE FOR YOUR PROGRAM

Affordability is not just MSRP: its service and insurance, too

Don't just do DFMA, do DFDR: design for disassembly & reuse

Cars that are easily disassembled will be quicker & faster to repair

Boost customer satisfaction & retention

Sell more service parts; 20% of EBIT!

HOW TO DEVELOP NEW CARS FOR SIGNIFICANTLY LOWER INVESTMENT

(psst....you used to do it!)



Pontiac



Oldsmobile

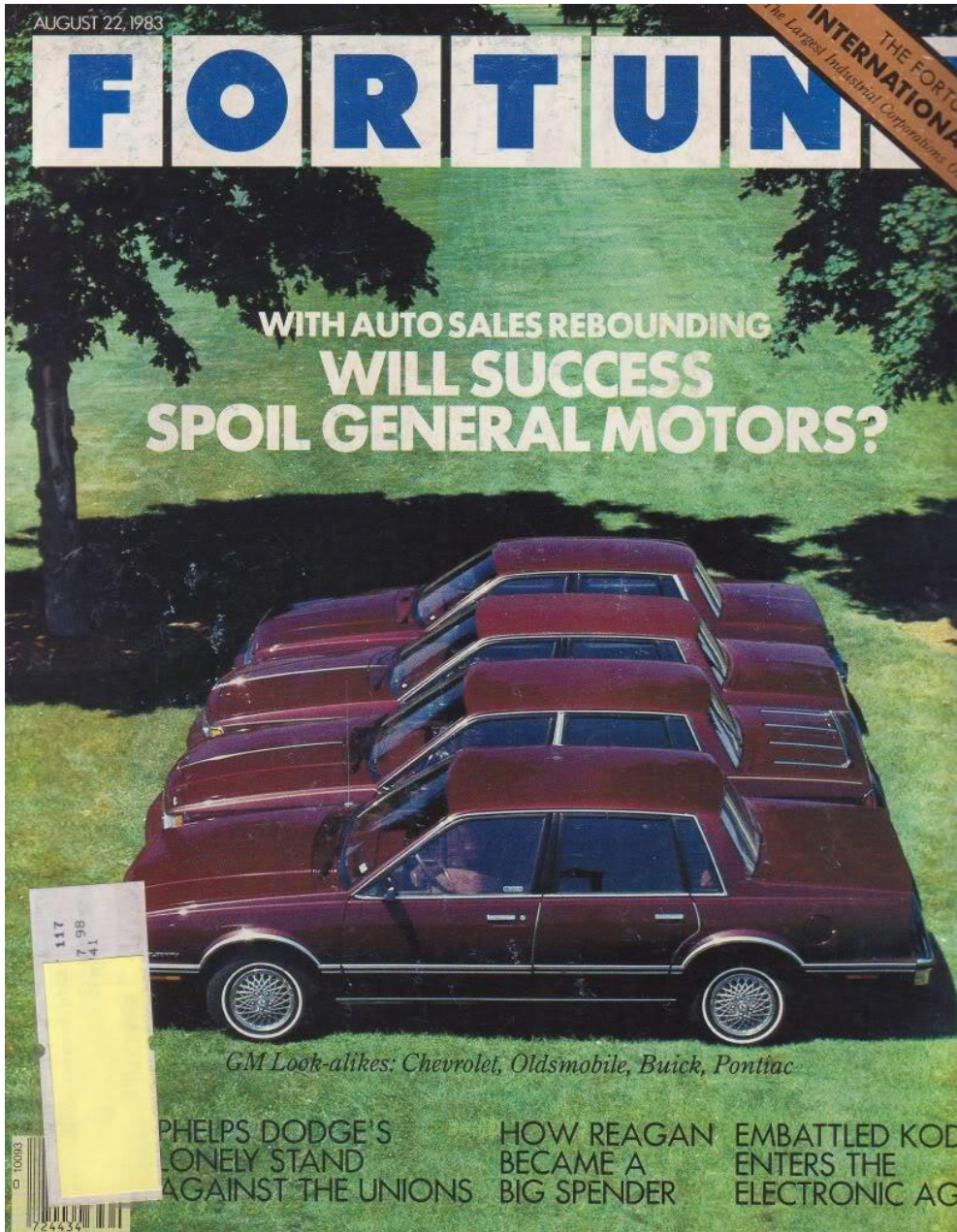


Chevrolet



Buick

1958 GM
A-Bodies



DON'T DO IT THIS WAY!

The Famous August, 1983 Fortune Magazine Cover

GM A-Bodies: Chevrolet, Oldsmobile, Buick, Pontiac



2011 Dodge Durango: 56,000 sold



2025 Dodge Durango: 81,000 sold



2011 Dodge Charger: 70,000 sold

2023 Dodge Charger: 76,000 sold



DODGE CHARGER MODELS

2011: Model Redesign

2012: 8-speed; SRT8; Super Bee; Blacktop

2013: Daytona

2015: Facelift; Hellcat; 392; R/T Scat Pack

2016: Daytona; Daytona 392

2017: GT (AWD)

2019: Scat Pack redesign

2020: Widebody

2021: SRT Widebody (792 hp)

2023: “Last Call” Super Bee; Swinger; King Daytona

CONCLUSIONS

The car market is not growing, market share is more critical than ever

Automakers are not growing, they need compelling new products and fast

There is nothing wrong in this business that can't be fixed with great product

The key to great product is really getting into your customer's head

Speed is of the essence. You can always hire more people. You can always raise more money. But once a minute is gone, it is gone forever.

“When The Strong Fails,
Think Your Way To Victory!”

Fisher Body, WWII