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ARA HOWRANI

'Million dollar courtroom' hosts Detroit's Ch. 9 case

Pending deals show demand for buildings is building

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Wayne property tax auction: Opportunity, risk, Page 4

This Just In

Survey: Macomb residents optimistic about retail

A survey of Macomb County residents points to high satisfaction with retail offerings in the county but concerns about access to public transportation.

The 2013 Community Climate Survey, compiled by the county executive office and **Department of Planning and Economic Development**, gave an average community sentiment rating of 3.68 to the quality of "retail opportunities" in Macomb, compared with a 3.71 sentiment rating in the inaugural report last year.

The summer survey asks residents to rate 10 quality-of-life measures on a 1-to-5 scale, and an average rating above 3 is considered positive.

About 9.9 percent of all respondents ranked the retail business community as the best asset in the county, behind only schools, public safety and overall quality of life.

The only negative community rating was the average sentiment for public transportation, which was 2.75 in current community sentiment and a 2.84 in future sentiment.

Al Lorenzo, an assistant Macomb County executive and executive in residence at **Oakland University**, has said the county plans to use the report as a tool in courting new business development.

— Chad Halcom

'Big data,' big deal



LARRY PEPLIN

AlphaUSA CEO David Lawrence shows a data collection setup being tested to speed up data entry and collect more for analysis.

Suppliers dig deep for nuggets of efficiency

BY DUSTIN WALSH
CRAIN'S DETROIT BUSINESS

Stamping press operators at Livonia-based private fastener supplier **AlphaUSA** enter production flow data up to 30 times per shift.

The family-owned supplier installed data collection terminals at its reorganized workstations late last year in an attempt to streamline production and find new ways to manage increased capacity without adding physical floor space or machines.

The North American automotive industry is preparing for 32 new and remodeled vehicle launches in 2014. In response, the supply base is finding ways to collect and analyze "big data" to improve product planning, streamline development and meet the industry's aggressive launch schedules over the next three years.

Big data is loosely defined as the concept of managing, analyzing, storing and manipulating large or complex sets of data.

AlphaUSA's big data involves tracking, monitoring and analyzing layers of information, including cause of stoppage, frequency

and duration, on multiple presses running simultaneously.

"The data has allowed us to find areas, whether in a workstation or department, that is the greatest cause to time bottlenecks," said David Lawrence, AlphaUSA's chief administrative officer.

"The more time we save, the more capacity we have."

Less than a year after launching the data collection process, AlphaUSA is achieving more than a 35 percent increase in efficiency on its shop floor, Lawrence said.

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Faurecia's goal: Heavyweight of lightweight parts

BY LINDSAY CHAPPELL
CRAIN'S DETROIT BUSINESS

French supplier **Faurecia SA**, after acquiring **Ford Motor Co.**'s unwanted interiors plant just outside Saline a year ago, has become one of the largest automotive companies in North America — and is poised to become even more important.

Acquiring the factory added more than \$1 billion to Faurecia's interiors business and, the com-

pany says, made it the largest interiors supplier in North America. The supplier's North American headquarters is in Auburn Hills.

But that's just the beginning.

The factory, which supplies instrument panels, consoles and door panels for almost every car and truck Ford makes in North America, is slated to become a center for Faurecia to introduce a stream of European-branded parts for American vehicles from

Ford, **General Motors Co.** and **Chrysler Group LLC.**

Chief among those planned products: mass produced carbon fiber parts, the new holy grail of the auto industry.

Automakers have sought an affordable source of the lightweight carbon fiber composites to help them cut vehicle mass to meet demanding new fuel economy regulations. The problem: There is lit-

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ISTOCK PHOTO

Ahem Health insurers to spread word on enrollment; who's listening?

BY JAY GREENE
CRAIN'S DETROIT BUSINESS

As health insurers plan advertising and marketing blitzes over the next six months to market their products on the fledgling federal health insurance exchange in Michigan, they face major challenges in reaching their target audiences.

Surveys have shown the overwhelming majority of Michigan's 1.2 million uninsured population is unaware that open enrollment begins Oct. 1 for the online health insurance exchange and that Medicaid eligibility will be expanded April 1.

Despite three years of news articles, public service messages and educational outreach on health insurance expansion, a poll by the **Commonwealth Fund** shows only 29 percent of young adults are aware of exchanges and open enrollment.

Michigan's exchange, the **Michigan Health Insurance Marketplace**, is where individuals can shop for private health insurance that could offer up to 30 percent discounts through federal subsidies based on income.

The tax credit subsidies will be offered for people with incomes up to 400 percent of the federal poverty level. This means individuals with up to \$44,000 annual income

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U.S. action in Syria would have little impact on defense contractors here

BY CHAD HALCOM
CRAIN'S DETROIT BUSINESS

A limited military campaign like the kind President Obama has sought against Syria would have only a light impact on Southeast Michigan's defense contractor community, because no ground warfare would be involved, local sources told Crain's.

Legislation that passed the Senate Foreign Relations Committee this month would give Obama a maximum 90 days to carry out a limited military strike on the Bashar al-Assad regime in Syria,

but it includes a ban on ground combat operations.

Secretary of State John Kerry met with Russian Foreign Minister Sergei Lavrov about a proposal for Syria to hand over its chemical weapons without conflict, and the Senate leadership delayed another vote on that bill while talks were pending last week.

Commerce Township-based **Williams International Corp.** has been a component supplier in recent years to **Raytheon Corp.** for the Tomahawk, a sea-launched land strike missile, as well as turbofans within cruise missiles and some

unmanned drone aircraft.

Ken LaRose, CFO of Williams International, could not be immediately reached for comment on whether a Syria campaign might boost product orders. Matthew Huff, vice president of business development, said in an email the company does not disclose most military contract details without the customer's permission.

But Dan Raubinger, director of defense and manufacturing at **Automation Alley's** offices in Sterling Heights, said he expects a short-term military campaign was unlikely to deplete the military's mis-

sile stockpile or require any new product orders.

"I'm not intimately familiar with every company's supply chain and backorders, but even if you get 150 or 200 cruise missiles deployed in one campaign, it can't be a significant impact," he said.

"That's more than get consumed or fired off in various practice missions, certainly, but it wouldn't be enough to urgently (replenish) lost supplies."

Most of Southeast Michigan's defense contractors and their suppliers are suppliers to the U.S. Army on various ground vehicle

and infantry equipment systems, and unlikely to be affected by a Syria campaign, he said.

The limited time frame could also mean limited equipment loss, he said — much like when a multinational force in Operation Desert Storm expelled Iraqi forces from Kuwait in less than two months in early 1991, and did little to spur demand for new or replacement equipment the way sustained military campaigns in Iraq and Afghanistan would years later.

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Data: Auto suppliers dig deep to discover nuggets of efficiency

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Jon Riley, vice president of digital manufacturing for the Ann Arbor-based **National Center for Manufacturing Sciences**, said the industry fallout in 2009-10 has caused suppliers to seek different avenues toward efficiency.

"Today's suppliers are more lean and agile and are able to take advantage of some of these technologies," Riley said. "We're seeing more small- and medium-sized companies that recognize the importance of leveraging their information, or data."

Automakers and large global suppliers have collected consumer data for decades, but the era of big data is leading the entire industry to dig deeper, said Paul McCarthy, vice president of industry analysis for the Research Triangle Park, N.C.-based **Motor & Equipment Manufacturers Association**.

"We all know the industry is moving faster than it ever has," McCarthy said, "and the use of data is now creating a responsive, and sustainable, business model."

Steve Patton, partner and global automotive advisory leader for **Ernst & Young LLP**, said advancements in technology have boosted the use of data in industry.

"There's an abundance of data, from the shop floor to the back office," Patton said. "If you can harness the power of data, there's a lot of efficiency to be gained, and the availability and access to the data has helped."

However, the supply base is in the nascent stages of big data, said Karen Newman, vice president of automotive industry for the Americas at **IBM Global Business Services** in Southfield. She also warns that suppliers that are not at least collecting data will suffer.

"I think right now we're seeing a lot of (auto suppliers) companies beginning to look at the area of big data, but we're not seeing a lot of leaders in the space," Newman said. "Get on board or be left behind; the suppliers using big data and those concepts are going to get more of those big programs from automakers as we move forward."

Michael Robinet, managing di-

rector of automotive consulting for Novi-based data analysis firm **IHS Automotive Inc.**, said while programs are in the early stages of adoption, many suppliers are diving into data to assess which vehicle platforms they should target.

He said the average life cycle of a vehicle program is up to 20 years — 28 months of development, five-plus years of production and seven-plus years of participation in service agreements.

"If you take a look at your average vehicle program ... you better

make darn sure you know what you're getting into," Robinet said. "Suppliers need to make sure the volumes fit their business and, from a cost perspective, they are not giving up business elsewhere that could be more beneficial."

Henkel Corp., the Madison Heights-based subsidiary of Germany-based **Henkel AG & Co. KGaA**, uses production schedule data from IHS Automotive and internal data collection to gauge market trends and automaker launch schedules to maximize profitability.

Dan Wohletz, vice president of technical sales for the automotive adhesive supplier, said aligning the data points has become critical in Henkel's customer interaction.

"We look for customers that are launching global platforms and tailor our product offerings around their design deadlines," Wohletz said. "We're using the data to balance our short-term versus long-term plans and determining what customers we want to be tight with in 2018."

For instance, Henkel is developing innovations for **Volkswagen AG's** MQB platform and **General Motors Co.'s** Delta platform, he said.

In 2018, VW's MQB platform — which includes the Audi TT, Volkswagen Golf and more — is expected to reach 5 million units, and GM's Delta platform — Chevrolet Cruze, Volt, Equinox, etc. — is expected to reach 2.4 million units globally.

Robinet said companies without finely tuned data analysis processes are facing a tougher road ahead

as big data grows.

"To really survive going forward, suppliers have to absolutely master the idea of their portfolio, technology and how to diversify their business across geography, customers and platforms," Robinet said.

If suppliers aren't using data, "they will drop the ball somewhere," he said.

Cleveland-based **Eaton Corp.**, with a research and development center in Southfield, said the new launch schedule poses a new threat to capacity management.

Jim Michels, business communications manager for the Eaton vehicle group, said the supercharging and engine component supplier struggles with production planning because of a lack of communication from customers.

"Most of the time it all aligns, but sometimes a customer will say 'trust us' with regards to future volumes," Michels said. "That creates a real challenge, especially as we're going into the fourth quarter and looking at advanced planning."

Michels said Eaton is using internal and external data to better predict volumes to align its production cycle.

"With the number of new launches coming, there isn't a lot of room for error; we simply can't miss," Michels said. "We have to be much more cognizant of our data and making sure we are triangulating that data and not relying on a single source for decision-making going forward."

Auburn Hills-based **BorgWarner Inc.** is using data collection to monitor its supply chain.

The company's Supplier Performance Monitor, which it began using in Germany and Ireland about two years ago, has saved money by reducing parts defects and allowing BorgWarner to stock fewer surplus parts, *Automotive News* reported last month.

Holger Kiebel, vice president of supply chain at BorgWarner unit **Beru Systems** in Ludwigsburg, Germany, told *Automotive News* that both metrics have declined by double-digit percentages.

The system mainly analyzes the quantity of parts in each delivery, comparing that figure with the original order and with the number of parts that have to be returned for quality problems.

About 180 suppliers are being

monitored. BorgWarner plans to implement the system in the U.S. and other parts of Europe this year and in India and China next year, Kiebel said.

David Royce, vice president of strategic planning at Livonia-based **TRW Automotive Inc.**, said large suppliers are more rigorous at reviewing existing data to prevent past mistakes.

"I wouldn't characterize that there's more focus on data points, but it's being analyzed to a greater extent," Royce said. "We all have a wealth of information in our com-

panies, and we're driving it to another level."

AlphaUSA, which employs nearly 100, is adding a second shift and is prepared for capacity swings over the next five years, thanks to data evaluation, Lawrence said.

"We've had a learning curve here for using data, but we certainly have done our homework," he said. "We're going to look at different types of data and more of it to find more efficient means of business."

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