

LOSING THE RACE

U.S. automakers must make quality a priority for every employee.

By H. James Harrington

When it comes to quality, why can't U.S. automakers get their act together? The industry maintains some of the most stringent controls over its suppliers, to the point of developing its own quality standard-one even more stringent than ISO 9001. To understand their competitors' secrets, U.S. auto makers have bought into Japanese and European firms. They form joint ventures with foreign firms and do a lot of benchmarking to learn what best practices are used throughout many industries. They make extensive use of statistical process control. They reverse-engineer offerings from Lexus, Infinity, Acura, Honda, Toyota, BMW and Mercedes Benz. They continually talk about quality and customer focus. They claim that the customer is No. 1.

Certainly the actions they have taken are important steps forward, but results are what count, and the U.S. auto industry isn't producing the desired results. J.D. Power and Associates reports that only two of the top 10 automobiles offering the best quality (i.e., lowest number of problems per car) are U.S. brands. It also shows that of the 18 cars whose quality is below average, 10 often are U.S. brands. The best quality car is Lexus at 1.73 problems per car. The best U.S.-manufactured car in terms of quality is Lincoln at 2.53 problems per car-almost 50 percent worse than the Lexus.

Although it's true that the quality of U.S.-made cars has improved, manufacturers haven't improved enough to reestablish the United States as an average car producer, let alone a leader. Until recently, General Motors Corp. and Ford Motor Co. were first and second, respectively, in auto sales around the world. Now Toyota has stepped into the No. 2 spot, pushing Ford to third place. And, if Toyota continues to grow its market share at the rate it has been, the company will take over the first-place spot within the next three years.

PRODUCTION TIME IN 2000	
<u>Automaker</u>	<u>Hrs./Car</u>
Nissan	17.4
Honda	19.9
Toyota	21.6
NUMMI	21.9
Mitsubishi	23.9
Ford	25.7
Auto Alliance	26.4
GM	26.8
CAMI	28.1
DaimlerChrysler	31.3

If U.S. automakers can't take the time to produce a quality car, then they must be more productive and build their cars in a shorter cycle time with less labor. But we fail in this area also. Domestic automakers lag behind Japanese automakers in productivity. This hurts U.S. automakers' profitability. The most efficient automaker in North America is Nissan, according to the *Harbour Report*. It takes Nissan 17.4 hours to assemble a car, half the time it takes DaimlerChrysler at 31.3 hours. This productive edge gives Japanese automakers a \$500-to-\$600-per-car advantage over U.S. automakers.

This situation reminds me of a conversation I had at an EOQ conference in Frankfurt, Germany, during the early 1980s. I was having dinner with a well-known automotive quality professional from Germany and a quality professional from Russia. As the evening progressed, we began to debate which country produced the better cars—Russia or Germany. The Russian was adamant that his country had the best cars, and the German was equally convinced that his country took the honors.

The argument went on for hours. The Russian pointed out the accuracy of Russian car specifications, the completeness of designs and the high tolerances required. The German, on the other hand, bragged about the craftsmanship, the perfect fits, the special features and many awards his country's automakers had won. By the end of the evening, the three of us had come up with a mutual agreement: Russians had the best specifications, but Germans built the best cars.

Being a world-class leader in the auto industry—or any industry, for that matter—requires meticulous attention to detail and an excellent understanding of how the customer will use the product. A good design is a starting point. Job-related training for employees provides them with the potential to do exceptional work, provided they have the equivalent material and tools. For U.S. automakers, it's important that they provide all their employees with problem-solving training because our designs and training are inadequate, which causes problems rather than solves them.

The real key to quality and productivity, and the only way U.S. automakers can reach the pinnacle of excellence, is by building pride in each worker, from the guard at the front gate to the operator running the lathe. Each employee must commit to becoming more productive and more creative. Everyone must go beyond simply meeting job specifications and continuously best those requirements, replacing them with creative new concepts that wow the final customer. Today's standards require each employee to implement two improvement ideas related to his or her job each month. It's up to the automakers to motivate their employees to sustain this goal.

About the author

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