



# 2011 Industry in Transition: The Dynamics of Supplier-Customer Power

## Section 1 – Your View of the Evolving Landscape

This first section of the survey consists of 12 questions that pertain to the experience of your company in general. Your answers will help to develop a sense of how suppliers have fared since the economic recovery began. The second section of the survey will ask you to tell us about the nature of your interaction with individual customers.

**1. What is the size of your company?**

- Less than \$50 million in sales
- \$51 to \$100 million in sales
- \$101 million to \$500 million
- \$501 million to \$1 billion
- Over \$1 billion

**2. What category most closely defines your primary product area?**

- Interior
- Body Exterior
- Powertrain
- Electrical/Electronics
- Suspension
- Other \_\_\_\_\_

**3. How would you characterize your company's current financial position compared to last year? (pick the answer that best applies)**

- Stronger
- Moderately weaker
- Significantly weaker
- At risk of Chapter 7 or 11
- Other \_\_\_\_\_

**4. What is your biggest financial and / or operational concern for your company over the next 12 months?**

---



---



---



---

**5. Have you continued to reduce your cost structure since 2009-2010? If so, by how much?**

- Less than 10%
- 10-20%
- 20-30%
- 30+%
- Have not made further cost reductions

**6. How much of the cost structure improvements made during 2009-2010 have you been able to retain?**

- 1-15%
- 16-25%
- 26-50%
- 51-75%
- Over 75%

**7. In what areas did you add back resources / costs and why?**

---



---



---



---

**8. What is the primary material your company uses in its parts manufacturing (by volume)?**

- Steel
- Aluminum
- Plastics/Composites
- Rubber
- Other \_\_\_\_\_

**9. What is your company's current breakeven point as measured in North American light vehicle production?**

- |  |  |
|--|--|
| <input type="checkbox"/> 8 million units | <input type="checkbox"/> 8.5               |
| <input type="checkbox"/> 9               | <input type="checkbox"/> 9.5               |
| <input type="checkbox"/> 10              | <input type="checkbox"/> 10.5              |
| <input type="checkbox"/> 11              | <input type="checkbox"/> 11.5              |
| <input type="checkbox"/> 12              | <input type="checkbox"/> 12.5              |
| <input type="checkbox"/> 13              | <input type="checkbox"/> 13.5              |
| <input type="checkbox"/> 14              | <input type="checkbox"/> >14 million units |



**10a. How much new business opportunity (e.g. level of quoted programs) has your company experienced so far in 2011 vs. 2010?**

- 1-15% more
- 16-25% more
- 26-50% more
- 50+%
- Less than in 2010

**b. How much of this new business do you anticipate winning?**

- 1-15%
- 16-25%
- 26-50%
- More than 50%

**c. How would you compare the profitability of this new business to that of current programs?**

- Significantly less profitable
- Somewhat less profitable
- About the same
- Somewhat more profitable
- Significantly more profitable

**11. Compared to last year, do you feel the power of your company relative to that of your CUSTOMERS has:**

- Increased
- Stayed the same
- Decreased

**12. Compared to last year, do you feel the power of your company relative to that of your SUPPLY BASE has:**

- Increased
- Stayed the same
- Decreased



## Section 2 – Your Experience with Specific Customers

In this second section of the survey, we ask you to select one example of a customer interaction that you consider to be typical with that customer, and answer the following questions with that example in mind. We hope that, as in prior years, you will complete this portion of the survey for each of your major customers, so that we have the maximum amount of data to combine and share with you and your peers.

### 13a. Which customer do these responses pertain to?

- BMW
- Chrysler
- Daimler
- Ford
- GM
- Honda
- Hyundai/Kia
- Nissan
- Toyota
- Tier One \_\_\_\_\_

### b. Is your company considered a preferred or strategic supplier to this customer (e.g. included in a formal list of preferred suppliers)?

- Yes
- No

### 14. What % of your total business is with this customer?

- 1-15%
- 16-25%
- 26-50%
- 51-75%
- Over 75%

### 15. In a typical example, how much of a price reduction on EXISTING business has this customer asked for, or stated an expectation of, in the past year, over and above what was previously agreed to? (specify % or dollar amount asked)

Year 1 \_\_\_\_\_ Year 2 \_\_\_\_\_ Year 3 \_\_\_\_\_

Year 4 \_\_\_\_\_ Year 5 \_\_\_\_\_

### 16. How much, if any, did you agree to? (specify for each year)

Year 1 \_\_\_\_\_ Year 2 \_\_\_\_\_ Year 3 \_\_\_\_\_

Year 4 \_\_\_\_\_ Year 5 \_\_\_\_\_

### 17. Were there any background circumstances or history that would be relevant for us to know in order to better understand the situation?

---



---



---



---

### 18a. Did the customer offer assistance in driving out cost rather than leaving it entirely up to you?

- Yes
- No

### b. If yes, how did the customer help?

---



---



---



---

### 19a. What was the IMMEDIATE result based on your response to the request?

- Gained more business
- Maintained same level of business
- Lost business

### b. What FUTURE result do you anticipate based on your response to the request?

- Gain more business
- Maintain same level of business
- Lose business
- Unknown

### 20a. Have you been successful in obtaining any price INCREASES from this customer on existing business, outside of any raw material-related adjustments?

- Yes
- No

### b. If yes, how much (in percentage terms), and what arguments did you use to obtain it?

---



---



---



---



21. Has this customer asked for money upfront for anticipated productivity gains vs. an annual price reduction in the last year?

Yes  No

Comments:

---

---

---

---

22a. On NEW programs that you have won from this customer in the past 12 months, have you been asked for an LTA (long-term agreement)?

Yes  
 No  
 N/A - Have not won new programs

b. If an LTA was used, did it include price reductions over the term of the agreement?

Yes  No

If yes, how much?

Year 1 \_\_\_\_ Year 2 \_\_\_\_ Year 3 \_\_\_\_

c. If an LTA was used, how long is your company's supply obligation to the customer?

One year (calendar or model year)  
 More than one year, but less than three years  
 More than three years, but less than life of program  
 Life of program

d. How significant have your negotiations been over the intellectual property clauses of your agreement?

Major discussions held on IP clauses  
 Some discussion  
 Minimal issues with IP

e. Were you able to come to a successful conclusion over IP issues?

Yes  
 No  
 Not yet known  
 Not applicable

Comments:

---

---

---

23. Has this customer been introducing new contract provisions in the following areas and if so, do you feel these provisions are reasonable?

Material cost indexing  Yes  No  
If yes, reasonable?  Yes  No

Volume-dependent pricing  Yes  No  
If yes, reasonable?  Yes  No

Other

---

---

---

24. Have you been asked to assume greater potential liability or a larger share of costs in any of these areas?

Warranty cost sharing  Yes  No  
(for repair/replacement of parts)

Product liability  Yes  No  
(e.g. in the event of lawsuits)

Logistics costs  Yes  No

Other

---

---

---

25. How have you received funding for future new products in the following areas?

Engineering  Upfront  Partial  Piece price  
 Other \_\_\_\_\_

Tooling  Upfront  Partial  Piece price  
 Other \_\_\_\_\_

Capital  Upfront  Partial  Piece price  
 Other \_\_\_\_\_



**26. Have you observed any instances of this customer changing its role in the following areas?**

Design & development?

- Greater role    Lesser role    No change

Parts manufacturing (vertical integration)?

- Greater role    Lesser role    No change

Designating tooling sources?

- Greater role    Lesser role    No change

Designating sub-suppliers?

- Greater role    Lesser role    No change

Comments:

---

---

---

**27a. How much opportunity has your company had to quote takeover work for this customer in the past 12 months?**

- More than 25 quotes for takeover business  
 10-24 quotes  
 Fewer than 10 quotes  
 None

**b. What was the impact on your business? (Check all that apply.)**

- Clearly became the lead player  
 Reduced or eliminated at least one competitor  
 Gained business with a new customer  
 Improved profitability  
 Other, please specify

---

---

---

**28. Has the number of competitors bidding on business with this customer changed in the past 12 months?**

- Increased  
 Decreased  
 No change  
 Unknown

**29. Have you experienced increasing competition from OFFSHORE competitors recently with this customer?**

- Yes    No    Unknown

**If yes, from where? (specify country/countries)**

- Eastern Europe \_\_\_\_\_  
 Asia \_\_\_\_\_  
 South America \_\_\_\_\_  
 Other \_\_\_\_\_

**30. Please provide contact information so that we can email you a copy of the summary of results.**

Name: \_\_\_\_\_

Company: \_\_\_\_\_

Phone: \_\_\_\_\_

Email: \_\_\_\_\_

**We ask that your company complete the second section of the survey for each major customer, so please make another copy and return to the beginning of Section 2 to answer with a different customer in mind.**

**Final Comments:**

---

---

---

---