



## Auto's new journey: Suppliers transition to the new realities of manufacturing

By Candace Beeke | Business Review



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Photo by Johnny QuirinPaul Doyle, president of GHSP

As Michigan manufacturers strive to recreate themselves, perhaps the most dogged on the list are auto suppliers — those companies that for decades helped build the backbone of the state's economy and now find themselves antiquated in a Michigan focused on emerging industries.

Auto seems so yesterday.

But those auto suppliers that survived the brutal OEM-supplier relationships of the past several years and the most recent national economic crisis that left a couple automakers bankrupt may now find themselves moving in a different direction — forward.

[GHSP](#), established in 1924, has been on a long journey to where it is now — a mechatronics developer and manufacturer for the auto industry that touted record new business in 2009. After recreating itself many times, most recently from a shift manufacturer to a mechatronics company, GHSP is moving quickly into the developing world of green vehicles.

That industry represents 25 percent of the company's \$100 million of new work to be completed in 2010. Next year, President Paul Doyle expects it to be half the manufacturer's workload.

"It's been a journey on many fronts," Doyle said. "Where we have historically been single-product lines — shifters — now we have three product lines."

GHSP continues to make the shifters it has produced for decades, but added electronic controls and smart activators to its product lines some years ago with the acquisition of Troy-based KDS Controls in 2005. That location is being closed and the work moved to GHSP's Grand Haven facility, currently under renovation.

"We looked at all the different segments of our business," Doyle said. "We were in China, Japan, we'd been in India and Germany. What do we really want to focus on?"

"We came to a new business definition, what we are really good at is leading the discovery of mechatronic products with customers."

GHSP hopes to aid the "revolution occurring in the surface transportation industry" from internal combustion engines to more efficient engines, including a blend between internal combustion and electric.

"There's still a lot of efficiency to be gained in the internal combustion (engine)," Doyle said. "It's not going away anytime soon."

With 250 production workers in its Hart plant and 150 production workers in Grand Haven, GHSP began last fall to train its people for the new work coming from KDS Controls.

"The skill set is significantly different," Doyle said. "What we're trying to do is not throw away and buy new. We're trying to transition our workforce."

And so far, workers' response has been an eagerness to learn how to supply the new auto industry. All around them, the transformation has taken a physical shape as well, as GHSP renovated 40,000 square feet in its Grand Haven factory to become a "world-class mechatronics facility," Doyle said. It plans to begin manufacturing parts there at the end of the first quarter.

Among leadership, the journey to a new auto reality means a partnership relationship between supplier and OEM, Doyle said — a welcome change from the bully image domestic OEMs spawned over the past several years.

"If you go back 16 months and look at the situation with the number of suppliers, the relationship of suppliers to OEMs and that whole piece of the business in supplying to the Chryslers and GMs — companies that went bankrupt .... Everybody's getting smarter about the business. We know there was overcapacity in the industry and it was creating a bad relationship between suppliers and OEMs. The fundamental relationship between OEMs and suppliers is basically is probably going to be forever changed," he said.

That new relationship is exactly what auto analyst Kim Korth, president of IRN Inc. in Grand Rapids, is seeing develop, as well. And that type of relationship will help speed the development of new technology — key to the future of domestic auto.

"Partnership is critical. True innovation happens in the supply base ...," Korth said. "As the Big Three in particular have not valued intellectual property, suppliers have stopped giving it to them."