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Paul Doyle, president and CEO of GHSP, says the company adjustments are reflected in the number of markets it targets for the manufacturer's chrome shift systems.

Shifting with the times

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GRAND HAVEN — Long-time automobile shifter manufacturer GHSP of Grand Haven, which relies on General Motors for about 20 percent of its business, learned late on the day of GM's bankruptcy filing that it is among a number of suppliers granted "critical vendor status" by the court.

Paul Doyle, president and CEO of GHSP, said critical vendors are those that "are going to be part of GM's future, and GHSP was among that group."

Critical vendors will be paid for parts they have already supplied to GM as the bankruptcy process proceeds, according to Crain's Detroit Business.

Doyle said by establishing which are critical vendors, the court is "trying to do what they can to keep that supply base healthy," because the interrelationships within the automotive industry mean that the closure of a critical vendor could have a serious impact on other automotive companies.

That was good news for GHSP, which suffered a severe drop in sales over the past year and had to cut its work force by almost one-quarter.

"This year sales will be down to about \$100 million, which is down about probably 30 or 35 percent from last year," said Doyle.

GHSP has about 450 to 475 employees in West Michigan, and about 650 worldwide.

"We have had significant downsizing since November of last year, probably in the neighborhood of 200 to 250 employees," said Doyle.

When news of potential bankruptcies and government bailouts for auto companies began circulating, Doyle said, "an awful lot of people started to assume the very worst possible outcome, and GHSP prepared for that. We were ready for a more drastic type of impact."

Now that GM has filed for bankruptcy and spelled out what it intends to do to survive, "I think everybody is relieved that the situation is not as bad as they thought, that the bankruptcy process is going to facilitate" a quick return to production, said Doyle.

GHSP, which is now a division of JSJ Corp. of Grand Haven, was founded in 1924 as Grand Haven Stamped Products. In the 1950s, it entered the automotive market, producing stamped parts for GM.

"Right now about 90 percent of our business is passenger cars," said Doyle — but, he added, the company has been working for more than two years to diversify and is developing mechatronic products, which combine mechanical, electronic and software technologies.

As for cars, GHSP is an important supplier to many auto companies, not just GM.

"We have shifters in Ford, GM, Chrysler, Nissan, Honda, Suzuki, Mazda ...," said Doyle.

"We've also been leading the process for the evolution to electronic shifting," he added. "GHSP has more units of shift-by-wire on the road than any other company in the world — over a million units — and we continue to advance the technology."

Shift-by-wire refers to electronic activation, as opposed to use of cables or mechanical linkages between the shift lever and the transmission.

Doyle said GHSP management realized two years ago that it may have been too dependent on shift systems for passenger cars, which was actually the company's principal product for the past 10 years.

So GHSP made some key decisions, including diversification into additional types of products and expanding its market to include virtually all surface transportation such as heavy trucks, school buses, construction equipment and agricultural equipment.

"If it rolls or if it floats, we want to have a part on it," said Doyle.



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GHSP's Paul Doyle is among those working through the challenges found in manufacturing.

A third decision was to become more global, so it expanded its existing operations in China and established new operations in Mexico.

At the core of the GHSP growth strategy is the push to develop and supply new technologies for use in vehicles, such as brushless DC motor technology and "smart" actuators, while continuing its role in its traditional automotive shifter business.

New technology offered by GHSP includes a pump for cooling the various electrical devices in vehicles. Because vehicles are in motion in all kinds of environmental conditions and exposed to dust and dirt, they require durable pumps capable of moving coolant fluids for many years. GHSP incorporated a brushless DC motor for durability, and the pump itself has the ability to sense blockages in delivery of the coolant and respond to them.

Doyle said that in his opinion, "we've seen the bottom" in terms of the crisis in the U.S. passenger car industry.

"I have hopes that some of the stimulus plan in the Obama administration is going to do some things for the infrastructure, which will drive construction and ag products." But, he said, "the big driver (of the U.S. manufacturing economy) is the passenger car world — if you'll pardon my little joke — and I believe we are right now at the lowest production level we are going to see."

The light vehicle production rate for the U.S. was up to 15 or 16 million units a year a few years ago, he noted, while now it may be as low as 7 million for this year. But he noted that he has heard that the "scrap rate" of cars taken out of service in the U.S. is about 10 million cars a year. "So what we're looking at is the volume of production right now won't even replace" the cars being scrapped.

"I believe there is a pent-up demand that's going along with that," he said, predicting that, as consumer confidence rebounds and as credit becomes more available, "I think we'll start to see increasing production" of light vehicles in the second half of this year.

He speculated that car production may eventually go back up to 13 or 14 million a year, "and I see that in the next two or three years."

"We are a traveling nation," added Doyle.

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