

Ford Case Study

Problem

The challenge was to create a joint venture with MBE majority ownership, create sustainable growth and to find a Detroit based location. Developing a manufacturing business in the city was difficult considering the lack of manufacturing growth for over a decade. Concerns existed over how to develop a skilled work force and an infrastructure to support manufacturing in a short period of time.

For the new venture to have minority status, the control needed to be with the minority partner. Both Rush Group and Johnson had previous experience and success with joint venture relationships with major tier ones. Faurecia and Valeo had no experience with minority supplier partners and needed to understand how to make it work.

The key with the large Tier 1 partners would be learning how to use their resources and product knowledge without overpowering the minority partner.

“Our partnership with DMS is creating jobs in one of the cities hardest hit by the economic crisis.”

- UAW Vice President, Jimmy Settles.

Solution

The minority partner in each of these cases brought us into the deals early in the project definition phase to guide them through developing a business plan. We helped with each step of creating the JV agreements, establishing a proper working relationship and ensuring the new company could be certified as an MBE. With our extensive experience, we approached the situation as a global negotiation utilizing our checklist of key elements required to form a strong JV . We individually crafted two successful deals that met the requirements.

The Rush/ Faurecia JV is Detroit Manufacturing Systems, located on the west side of Detroit, which started production a year ago and has been certified and running well ever since. The Johnson/ Valeo deal, Detroit Thermal Systems, closed early this 2013 and is currently transitioning products to the new site in Romulus.



Detroit Manufacturing Systems

In effort to develop their minority supplier relationships, Ford Motor Company initiated a relationship between French, Automotive Interiors Supplier, Faurecia N.A and minority supplier, Rush Group. They wanted to spin- off one of their struggling automotive component facilities in a way that would enhance minority spend and improve conditions in the city of Detroit. Ford needed a minority supplier with the depth and resources to take over a \$1Billion business or they needed to create a partnership between a minority supplier and a major tier one supplier. There were three facilities identified to convert. The interior trim facility in Saline Michigan and the HVAC facility on Sheldon Rd were selected to create Joint Ventures due to the complexity and lack of minority suppliers in these components.

Rush Group Limited and Faurecia were approached by the Ford Purchasing team and asked to look into developing a joint venture to take over interior trim parts being manufactured and assembled at the ACH Saline facility. Vinnie Johnson and Valeo were asked to look at ACH Sheldon Road Components. The strategy was for them to move a portion of the business to Detroit as Ford expanded into other areas of Michigan in order to ensure job growth within the city and increase minority spend for Ford.