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## **PART I: PUBLIC FORUM**



## INTRODUCTION

Billy E. Frye

I am pleased to have a moment to welcome you to The University of Michigan and to thank you for coming to the Fourth U.S.-Japan Automotive Industry Conference. I would especially like to thank the speakers and the other visiting participants on the program. In addition, I want to express a special word of appreciation to The University of Michigan faculty, staff, and students who have organized and are participating in this conference.

I am not an economist, so I feel that I have little real understanding of the problems that the automotive industry faces and, thus, little useful to say. But in a way, those of us who are involved in university administration in this day and age face many of the same classes of problems that the industry faces:

1. the need to increase productivity in the face of rising costs;
2. increasingly severe competition for our share of the market;
3. the desire to maintain and improve the *quality* of our product in the interest of public responsibility as well as our own long-term self-interest;
4. the need for responsible public policy, policy that provides an adequately supportive environment without depriving us of our invaluable autonomy and individuality;
5. the responsibility to cooperate with other institutions and organizations in the state, the nation, and the world in order to promote the overall well-being of our profession, without abandoning, at the same time, our self-interest and uniqueness; and
6. the need to discover and continually revise management and planning strategies and tactics that enable us to cope with the short-term exigencies and opportunities that we face without neglecting or undercutting our long-term needs and goals.

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In other words, universities and the automotive industry are both in a period of unusually vigorous change, driven by changes in our environment that include:

1. changes in local, national, and global economic conditions;
2. changes in public attitudes, expectations, and desires;
3. changes affecting our "marketplace," such as demographics;
4. intrinsic changes in the properties and content of our product and in the technology through which it is produced; and
5. changes in the arena in which, and the rules under which, our profession or business is practiced.

I would be the last to want to push this parallel too far, but if our experiences do have these classes of problems and concerns in common, I can better understand the challenges that the industry faces. In short, both the University and the automobile industry are in a period of "dynamic change" occurring in both ourselves and our environment. As the subtitle, "Rebirth or Requiem?" suggests, we are right to be concerned about survival. In that regard, I would like to make just a brief comment or two from my own vantage point as a biologist. Biology teaches (or confirms) a number of obvious lessons about those factors that may affect the outcomes of periods of epochal change such as those we are going through. Let me mention four:

First, even marginal advantages or disadvantages—often seemingly slight—may in the long run make the critical difference in success or failure in the world of "tooth and claw."

Second, our individual interests, on the one hand, and our collective interests, on the other, while very distinctive from one another, are also inextricably interconnected. Success, therefore, hinges upon a dependable balance between competition, on the one hand, and cooperation, on the other, a balance governed by clear, though perhaps unwritten, rules.

Third, survival depends upon adaptability, the ability to change as our environment changes. In business as in biology, rigidity is the certain path to extinction over the long haul.

Fourth, and finally, the greatest—indeed the universal—source of adaptability in the long run is cross-fertilization, whereby gene pools, and hence individual competencies, are shared and explored in new and sometimes stronger combinations.

Now, it was not my intent by this reference to biological parallels to bring this conference around to the subject of "sex" in three short minutes. Having done so, however, let me conclude on this theme by noting that one of the most central functions of the university is to encourage the free exchange of ideas. We are especially pleased, therefore, to have this opportunity to be the *boudoir* for what I am sure will again this year be a most seminal exchange of ideas.

Finally, let me note that we at the University are acutely aware that the well-being of all of us depends upon the good health of the automobile industry, and we are grateful to you for coming here today to discuss how the well-being of this industry can be further assured over the long run. I wish you every success in your conference. Indeed, as I look at the turnaround in the industry that has occurred in the three or four years since the first of this series of conferences, I have no doubt of a successful outcome!

