



The Ernst & Young point of view on key issues

For automotive companies, every day is a race to pull ahead of the competition by improving global operations, optimizing investments and mitigating financial risk—all while keeping an eye towards the key business issues on the horizon.

Dealing with industry consolidation, restructuring and business spin-offs

The industry, especially in the US market, is in transition. Automotive industry consolidation, restructurings and spin-offs will create significant business change management and other transition issues will bring about new risks throughout the automotive value chain. The emergence of new market leaders in the vehicle manufacturer and supplier segments will lead to new challenges for established vehicle manufacturers and suppliers related to customer, vehicle platform and product mix.

Solving operating and profitability problems in key markets, especially North America

Globally, the sector is growing. However, in the largest market in the US, many vehicle manufacturers and suppliers are experiencing poor operating performance, poor profitability, and increasing financial and bankruptcy risk. These profitability challenges have led to ongoing changes in organization and operating structures, creating significant process improvement and cost reduction needs for these companies.

Improving compliance risk management activities

Compliance and risk management is a continuing imperative in the automotive supplier community, particularly with the increase in globalization. Improving compliance-related activities, including better enterprise risk management, improving compliance efficiency and reducing the costs of compliance are continuing needs of automotive companies.

Developing strategy and managing operations in emerging growth markets

Automotive companies are in the process of developing, refining or managing strategies for emerging markets, especially in China, Mexico, Brazil, India and Eastern Europe. Strategies to monitor risk in these areas create significant ongoing challenges for companies to manage.

Developing strategies to retain knowledge and key competencies as a result of the automotive industry transition

As the number of workers are displaced in the industry and operations continue to globalize, the need to retain knowledge regarding key processes including finance and accounting, engineering, procurement and manufacturing is increasing. Developing strategies to address this outgoing knowledge is a significant challenge for companies.

Creating innovative solutions to address the climate change impact on product strategy

As mounting scientific evidence indicates the earth's climate is currently warming, more companies and organizations are taking action to reduce their impact. New pieces of legislation to reduce emissions and greenhouse gas are being introduced with growing frequency, many of them with different incentive packages and time frames for compliance.

About Ernst & Young's Global Automotive Center

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About Ernst & Young

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