



"...at the end of the day, walking home, auto industry employees can look at a car on the street and appreciate that, "I'm responsible for that."

Conclusion of a 3 part series:

Fran O'Hagan is President & CEO of Pied Piper Management Company LLC and founder of *Auto OEM Network*: the largest automotive group on LinkedIn with 127,000 members and growing. Few people are better positioned to see the most important trends and challenges across the industry. In the conclusion of our interview, Mr. O'Hagan discusses the challenges facing the auto industry and also the role of groups like *Auto OEM Network*.

Automotive IQ

What challenges does the automotive industry face moving forward looking ahead 5 years and beyond?

Two areas that will challenge auto manufacturers are, first, standing out in a sea of identical products and, secondly, managing the very different lifecycles of electronics and automobiles.

Walk around any car show today; and imagine that you have never before seen a car. You could come to the logical conclusion that all of the cars have features and designs that are virtually identical, with very minor differences. As most manufacturers worldwide rely heavily on the same small group of several dozen specialist suppliers for much of their component design and production, manufacturers will be challenged to differentiate their product to make their brands stand out.

Separately, the very different product lifecycle lengths of autos—3 years or so—and consumer electronics—6 months or so—will cause more and more headaches as auto manufacturers rely on electronics to differentiate their products.

Automotive IQ

In your view, what do you see as the auto industry's greatest strength and its Achilles' heel?

The auto industry's greatest strength is critical mass coupled with attractive products. 80 million vehicles were produced last year, generating over \$2 trillion in revenues. Few industries compare in size, which justifies huge R&D investment, and provides stable employment for millions. The second strength is the fact that for many employees ranging from engineers to salespeople at a dealership working in a career involving motor vehicles is "interesting." No offense to those who design and sell baby diapers or work all day in the financial industry, but at the end of the day, walking home, auto industry employees can look at a car on the street and appreciate that, "I'm responsible for that."

The largest Achilles Heel of the auto industry is much the same as its strength: its vast size. Few other industries are under as much of a microscope. From vehicle safety to fuel economy to factory locations, everyone has an opinion and everyone wants to influence future decisions. Another Achilles Heel is the one hundred years of “success” the auto industry has already enjoyed. Momentum is very difficult to change for an industry that “already knows the right way” to approach every decision. Contrast the new ideas and break-throughs from less established industries with those of the auto industry.

Automotive IQ

What role do you foresee for communities such as Auto OEM Network?

International community groups such as the Auto OEM Network show all of us how small the world is... We soon appreciate that others all over the world face the same issues we face, and ideas and solutions they share that work for them will often work for us too.

Automotive IQ

Thank you for your insights and for a great conversation.

This is the conclusion of a 3 part interview with Fran O’Hagan.