

LASTING RELATIONSHIPS

Building on Dreams
The Story of Honda in Ohio

Honda

25 years of Manufacturing Leadership in America

Atlantic Tool & Die

Cleveland, Ohio

Stamped assemblies for automobiles;
Tubular frames for ATVs.

“When you are a Honda supplier, you feel like you are a part of the Honda family – like a division of Honda”.

For Frank Mehwald, CEO and president of Atlantic Tool & Die, being part of the Honda family means more than working together; it also means sharing a philosophical approach to quality, delivery and customer service.

Quality was already ingrained into the fabric of Atlantic when Mehwald first approached Honda in 1986.

“I wrote them a letter,” Mehwald said, “and told them we were going to be a Spear One General Motors supplier and wanted to do business with Honda. In 1987 they came into our plant four or five times to survey our capabilities and to give us a general idea of what they believed the character of a good supplier should be. We got our first order in early 1988 and shipped our first order that November.”

Based on the successful execution of the first order, Honda invited Atlantic Tool & Die to attend Honda of America’s 1989 supplier conference.

“I was tremendously impressed,” Mehwald recalled. “I had never seen a customer treat a



supplier with the dignity that Honda treated its’ suppliers. I came back and told our folks that our goal was to earn Honda’s top quality award.”

The following year, Atlantic did just that, with a quality record of just nine defects per million – compared with Honda’s 1990 goal of 80 and the supply base average of 40. Since then, the company has received a total of 12 awards, including quality, delivery, production and Honda’s Plant Manager Award for performance beyond expectations.

Atlantic’s early success was followed by more business with Honda and, as Honda grew, Atlantic Tool & Die also grew. “With just one plant in Ohio in 1987, the company now has three plants in Ohio, one in Texas and one in Alabama.

“That’s a direct connection to our relationship with Honda, said Michael Mehwald, Atlantic Tool & Die vice president. “As a first tier (direct) supplier to Honda and a supplier to many of Honda’s other first-tier suppliers “we now have close to 40 transplant customers.”

Honda’s approach to suppliers has enabled Atlantic to understand and meet Honda’s evolving needs and expectations, Mike Mehwald said.

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“In this country, between domestic auto manufacturers and their supply base there’s not always a lot of synergy. The biggest difference with Honda is there is a lot of harmony between the supplier and the customer.”



For example, “the whole system of how they launch new models is different,” Frank Mehwald noted. “You’re always in the information mode with them. We’re well involved before new-model launch. We’re oriented well in advance of new-model launch. We really feel part of the team.”

The Mehwalds agreed that a Honda supplier can’t help but adopt some of the best techniques in the Honda playbook.

“When people come and see us they see a mini version of (Honda),” Frank Mehwald said. “From a philosophical point of view, our company operates in a very Japanese-like way.

Our culture has been shaped and modeled by our relationship with Honda and we see it in the attitude of our associates. Of about 400 full-time associates, 171 had perfect attendance last year – that’s more than 40 percent. We had 16 people with perfect attendance for 10 or more consecutive years.

At Honda’s encouragement, Atlantic is also taking steps to become more global. The company began developing its global strategy in late 2002 and has since recruited several strategic partners in Asia. This has allowed it to average down U.S. costs by acquiring low-cost tooling.

The Mehwalds believe long-term relationships with Honda are built on trust, communication and performance.

“Honda has never made one single promise to us,” Frank Mehwald said. “They just said what their objectives were and here’s what’s expected. One of the things that’s refreshing is the steadfastness of their philosophy, regardless of leadership.

Some companies change their approach depending on who’s in charge at the time. With Honda, they keep the philosophy, focus, culture – it stays the same.”

“As part of its commitment to meet local needs, Honda’s philosophy is to “build where we sell and buy where we build.” As a result, Honda’s relationship with its suppliers is a critical partnership.

When Honda of America began producing a single line of motorcycles in 1979, parts came almost entirely from Japan. Today, nearly all the parts that go into Ohio-produced products are purchased domestically. Approximately 175 Ohio suppliers, among the 620 who supply all of Honda’s North American manufacturing, supply \$6.8 billion parts and materials annually – more than half of all the north American Honda purchases.