

Detroit is a 'hole'

David Mantey, Editor-in-Chief

So continues the era of the outspoken president. On a recent trip to Phoenix, AZ, I had the pleasure of listening to Ed Smith, president of Avnet Electronics Marketing Americas (AEMA), give a presentation on the state of the company and more importantly, the state of the industry.

I'm not sure if you've ever had a chance to pick his brain, but if you have the opportunity I encourage you to ask his opinion on anything, as he offers his take in a deliberate, non-corporate BS manner. It's refreshing, it's popular (T-Mobile's John Legere, UFC's Dana White, etc.), and it works.

Smith is coming up on his five year anniversary as president in an electronics distribution industry where he claims constant executive turnover is one of the industry's top problems – the top five suppliers, on average, have turned over leadership 1.8 times over the last five years. Turns out that Moore's Law is limited to technology, not the financials.

Avnet deploys more than 1,000 engineers globally and Smith stresses the importance of getting out into the market to observe and experience customer needs. "If I could lend our employees to customers, I would, because we think we know [everything]," he says.

On a recent business trip, Smith visited two parts of the automotive world that, in his opinion, seem to be moving in vastly opposing directions. "Detroit is a hellhole," says Smith. "The way they do business is ridiculous."

After spending four days visiting the area (without specifying particular companies), he was disheartened to find that conversations with legacy car companies boiled down to 'give me 5 percent off.' According to Smith, these Detroit-based companies simply want to drive costs down. Manufacturers simply don't want greater capabilities to add value and drive up car cost.

A bit scorned by the visit, Smith also visited Tesla Motors. "I went to Tesla, and they said, 'These screens are cool, but I think they can be cleaner, quicker, and cooler,'" Smith recalls. The CA-based auto maker was interested in making the vehicle more valuable to their customer. "I never once heard that in Detroit," says Smith.

Chuck Delph, senior VP of sales at AEMA did come to Detroit automakers' defense, particularly in relation to advancements in infotainment and alternative energy.

While Detroit appears to remain the go-to grim forecasting punching bag when discussing the automotive industry, and American innovation as a whole, Smith adds that America and Europe are still the innovation capitals of the world. Asia is slowly gaining ground, but "they don't develop and they don't innovate. [Asian

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companies] don't put money into innovation; they put money into efficiency.”

“You know what happens to industries that only care about cost and not the customer?” Smith asked. “They die.”

Tesla Motors appears to be all about technology, never cost (also why I'll never own one), but it must be a refreshing reprieve for staff engineers who search for partners using two simple edicts: make the car cool; and make the car better.

We may not know what the future holds for Detroit automakers and mold-breaking Tesla Motors, but one thing remains certain, if you ask Ed Smith his opinion, you will most certainly receive an answer filled with refreshing candor.

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