

Bridgetone



**ASSIGN
BUSTER**

The competitive environment for Bridgetown as well as the accounting system currently in use Prior to 1980, when the US market was dominated by US automotive manufacturers, competition in the manufacturing of automotive components was limited to IIS local suppliers. As foreign automotive manufacturers settled in the US market, competition in manufacturing automotive components became more intense.

The scarcity and the expensive gasoline following the oil crisis of the end of seventies combined to the loss of the market share to foreign manufacturer intensified the competition. Mike Lewis realize that despite having reached 65% vs. 80% (the world class uptime) through the productivity program accomplished (tracking Of causes Of downtime, timing the lines , using uptime reports progress, etc.) , ACE still need to outsource further lines : its accounting system seem to be based on manual, partial and biased measurements of inputs.

It lacks effective cost accounting control supervision. Indeed, more cost (overhead) is dedicated to lower the cost (time of processes). The accounting system seems to be incomplete because it doesn't take into account the level of overheads. 2/Explain why manifold moved from class II to lass III after oil pans and muffler exhaust systems had been outsourced from the CAP While the processes and uptime were reduced, overheads were not rationalized, causing manifolds costs to become 15% higher than competition.

In such a competitive environment, where other manufacturer tend to lower all elements of the costs, ACE focused on only one parameter (process and

time of production), ignoring the cost of overheads. These were certainly raised because of the productivity program that involved redundant skilled employees being hired into following the process, timing them, and filing reports.