

Fit for growth

The automotive industry—
Where it's going and how
it plans to get there



87

automotive CEOs in 34 countries
across the world

44%

of automotive CEOs think the
global economy will improve
over the next 12 months

See page 4

79%

of automotive CEOs believe that
technological advances will
transform their business over
the next five years

See page 6

Preface

Spotlight on the automotive industry:

In this report, we focus on key findings emerging from interviews with **87** automotive CEOs in **34** countries with particular focus on our additional in-depth conversations with four leading suppliers:

Tom Linebarger, *Chairman and CEO, Cummins Inc.*

Jean-Dominique Senard, *CEO, Michelin Group*

James Verrier, *President and CEO, BorgWarner Inc.*

Roger Wood, *President and CEO, Dana Holding Corporation*

To fully explore the results of our “17th Annual Global CEO Survey”, please visit www.pwc.com/ceosurvey.

The global economic recovery continues to be fragile, but with immediate pressures easing. CEOs are feeling more optimistic while coming out of survival mode. In PwC’s 17th Annual Global CEO Survey, we set out to uncover how CEOs are searching for growth in a still-challenging environment. We surveyed 1,344 business leaders across 68 countries around the world, in the last quarter of 2013, and conducted further in-depth interviews with 34 CEOs.

Our survey sees a leap in CEOs’ confidence in the global economy – but caution as to whether this will translate into better prospects for their own companies. The search for growth is getting more and more complicated as opportunities in both developed and emerging economies becomes more nuanced, leading CEOs to revise the portfolio of overseas markets they will focus on.

In 'Fit for the future: Capitalising on global trends', we also explore three forces that business leaders think will transform their business in the next five years: technological advances, demographic changes and global economic shifts. We show how these trends, and more importantly the interplay between them, are creating many new – but challenging - opportunities for growth through: creating value in totally new ways; developing tomorrow's workforce; and serving the new consumers. We also show how, in responding to these trends, CEOs have the opportunity to help solve important social problems. In short, the demands being placed on business leaders to adapt to the changing environment are increasing exponentially; CEOs are having to become hybrid leaders who can successfully run the business of today while creating the business of tomorrow.

Change is occurring at a rapid pace. With flexible assembly operations, changing labor requirements and a seemingly endless stream of technological innovation, today's automotive industry is more complex and intricate than ever before. From the evolution of mobility and in-vehicle infotainment to global regulatory requirements and emerging market opportunities, today's CEOs must not only understand the issues but also must address them on a much larger scale. In key areas such as talent, technological innovations and growth strategies, leading automotive companies are shifting into high gear to adapt to these changes as they occur.

CEOs recognize that they must be agents of radical, not incremental, change—and that multi-dimensional leadership models are required to create transformative growth. That means taking care of today's business even as they create the business of tomorrow, via short-, mid-, and long-term planning for the road ahead. The most successful automotive companies are closely evaluating changes on the horizon and discovering how to turn them into opportunities.



Our **thanks** to all who participated in our survey for their willingness to **share** valuable insights into the industry of today and their **vision** of what lies ahead.

The four automotive CEOs we spoke with in-depth are all optimistic about their future prospects. Several themes were evident in these conversations: innovation, talent, an agile supply chain, and a business that responds to future trends like mobility and resource scarcity and climate change are all critical factors for success.

“We operate all over the world in just about every region where our customers are. Depending on where the volatility is, we’re going to keep pace with that growth at a minimum. We’re also fueling technology innovation, meeting customer needs for fuel economy, fuel efficiency, and total cost of ownership—the megatrends that are out there. As we do that, we’ll be able to grow above the market. It’s certainly our target to be above market growth in every region that we operate in.”

Roger Wood
President and CEO, Dana Holding Corporation

“Our confidence in Michelin’s growth is fairly high. We are currently in a period of growth and have pulled through the crisis we experienced in 2009-2010.”

Jean-Dominique Senard
CEO, Michelin Group

“If you consider the last decade, we’ve consistently grown well above auto production and well above economic growth rates, and we see that trend continuing on for the next three to five years and beyond.”

James Verrier
President and CEO,
BorgWarner Inc.

“We’ve focused our entire company around profitable growth for the last five or ten years. As a large, global independent engine company, our strategy has entailed making sure that we have leading technology. In every market where we compete, customers are demanding more competitive products, better performance, and better fuel economy. And, they want local costs. So we’ve made large investments in R&D to make sure that we have a lead in technologies relevant to our customers.”

Tom Linebarger
Chairman and CEO, Cummins Inc.

The industry seen through the eyes of our respondents

Things are looking up, but challenges are still looming

Like their peers across the sample, automotive CEOs are much more optimistic about the global economy this year, with 44% of automotive CEOs believing that the global economy will improve over the next 12 months while just 7% expect it to decline. This is a U-turn from last year's sentiment when just 16% of the automotive CEOs surveyed expected the economy to improve and 31% believed it would decline.

However, automotive CEOs are a bit more cautious when it comes to their own business prospects. Around one-third of automotive CEOs surveyed are very confident in their

own company's revenue growth over the next 12 months – up just 4% over last year. Why hasn't confidence improved more? Part of the answer lies in a challenging business environment.

Automotive CEOs are more concerned than their peers about a whole host of threats, from high or volatile energy costs and raw materials prices to shifts in consumer spending and behaviours to supply chain disruption (see Figure 1).

44%

of CEOs think the global economy will improve over the next 12 months

16%

last year relatively few automotive CEOs expected the economy to improve and

7%

expect it to decline

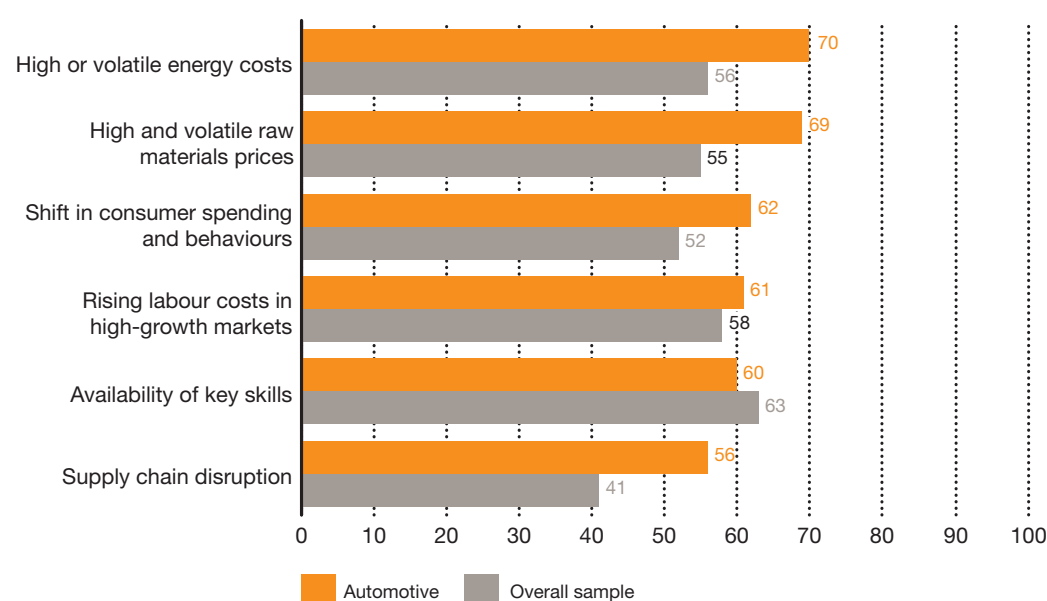
31%

believed it would decline

Source: PwC's 16th and 17th Annual Global CEO Survey

Figure 1 Energy costs and raw materials are the top business threats for automotive CEOs.

Q: How concerned are you about the following potential business threats to your organisation's growth prospects?



Base: Overall sample, 1344; Automotive, 87

Note: Percentage refers to CEOs who state they are 'somewhat' or 'extremely' concerned. Only choices with more than 55% of automotive CEOs concerned are shown.

Source: PwC's 17th Annual Global CEO Survey

Taking part in the tax debate

As the population ages in mature economies, indebted governments may come under pressure to raise taxes as a means of maintaining social programmes. This is a particular worry for automotive CEOs, with 44% expressing extreme concern that an increasing tax burden could hamper growth, as compared to 32% of the entire CEO sample.

Today's automotive CEOs are looking at the ongoing public debate around "fair share of taxes" issues – exploring both barriers and potential solutions. Compared to the overall sample, more automotive CEOs feel that creating a fairer, internationally competitive and efficient tax system should be a government priority (60% vs. 50% overall). Likewise, more automotive chief executives strongly agree that being seen as paying their fair share of taxes is important (43% compared to 32% overall).

Political and economic threats are looming too; for example, automotive CEOs are far more worried than their peers about exchange rate volatility and inadequate basic infrastructure (see Figure 2). And 78% of sector CEOs worry about an increasing tax burden, compared with 70% of CEOs overall (see ‘Taking part in the tax debate’). Around three-quarters of automotive CEOs say they are concerned about government responses to fiscal deficit and debt burdens too.

Alongside these concerns, automotive CEOs are also contending with the implications of global trends that many expect to transform their

business and industry. Seventy-nine percent of automotive CEOs identified technological advances as a top-three trend that would most impact their business in the coming five years (see Figure 2). 62% also pointed to shifts in global economic power and 55% to demographic changes. And urbanisation, climate change and resource scarcity were also viewed as top trends by significant numbers of CEOs. Of course, these trends aren’t new. What has changed is the pace at which they’re unfolding – and the way they’re colliding to create a new environment.

Figure 2 Technological advances are key to transform business in the next five years for automotive CEOs

Q: Which of the following global trends do you believe will transform your business the most over the next five years? Top trends automotive CEOs ranked in their top 3.)



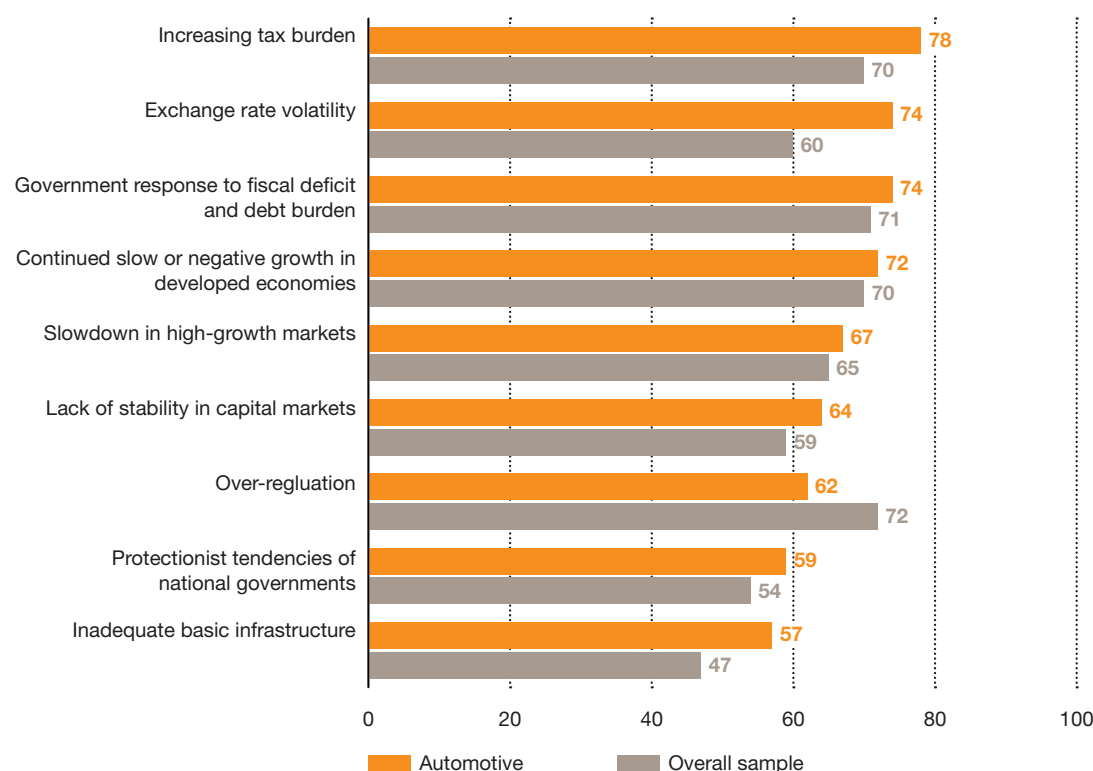
Base: All respondents (Total sample, 1344; Automotive, 87)
Source: PwC's 17th Annual Global CEO Survey

Automotive CEOs are up to the tasks ahead

Most automotive CEOs think their companies will be able to cope. Looking further ahead, 47% of this year's respondents say that they are very confident in their company's revenue growth over the next three years. They're not so sure about their competitors – only 16% of automotive CEOs are very confident of the industry's growth over the same time period.

Figure 3 Tax worries top the list of political and economic threats for automotive CEOs.

Q: How concerned are you about the following potential economic and policy threats to your organisation's growth prospects?



Base: Overall sample, 1344; Automotive, 87

Note: Percentage refers to CEOs who state they are 'somewhat' or 'extremely' concerned. Only choices with more than 55% of automotive CEOs concerned are shown.

Source: PwC's 17th Annual Global CEO Survey

Automotive CEOs are focusing on five areas to make their businesses fit for growth:

- Preparing for the next shift in talent
- Bringing the supply chain to customers
- Aligning innovation strategies with business strategies
- Developing infrastructure for tomorrow's mobility needs
- Coping with resource scarcity and climate change

Initiatives in these areas have major organisational implications, evidenced by the changes automotive CEOs are planning or making to all areas of their business – and in

the way they're changing their cost structures. Eighty-six percent of CEOs in the industry have implemented a cost reduction initiative in the previous 12 months, compared to 76% across the overall sample. And two-thirds of automotive CEOs say they're planning to cut costs in the coming 12 months. In our view, such cost reductions aren't only about cutting the fat. We've seen many companies changing their cost structures to align with changing markets, technologies and supply chains.

We'll take a closer look in the rest of this report at the five areas that automotive CEOs are focusing on and suggest how their strategies can help you prepare your company to be fit for growth.

Preparing for the next shift in talent

The world's labor force is undergoing major geographic shifts due to differing population growth rates and the trend toward urbanisation. As these sizeable demographic changes occur, one of the biggest challenges that CEOs face is finding, attracting and retaining tomorrow's talent. The fight for top science, technology, engineering and mathematics (STEM) talent is becoming increasingly competitive. Nearly half of automotive CEOs (45%) say they are planning to increase headcount, so there's a strong need to attract top candidates.

Automotive executives are well aware of the challenge; three-fifths of automotive CEOs are concerned that the availability of key skills could pose a threat to their business. That's up from 49% of sector CEOs last year. And around the same number also worry about rising labour costs in high growth markets.

Should governments be helping more? Only 38% of automotive CEOs feel that government should make 'creating a skilled workforce' a priority—far fewer say governments should focus on other areas like ensuring financial stability or improving infrastructure. That result may in part be due to views on governments' effectiveness in areas such as workforce creation—more than half of automotive CEOs (56%) feel their country's government has not been effective at creating a skilled workforce.

Many automotive executives, therefore, are taking charge and focusing on solving the talent challenge themselves. Nearly two-thirds of sector CEOs (63%) say that creating a skilled workforce is a priority for their organisations. It's not always easy, though. More than half say regulation has made it harder to find or attract a skilled workforce.

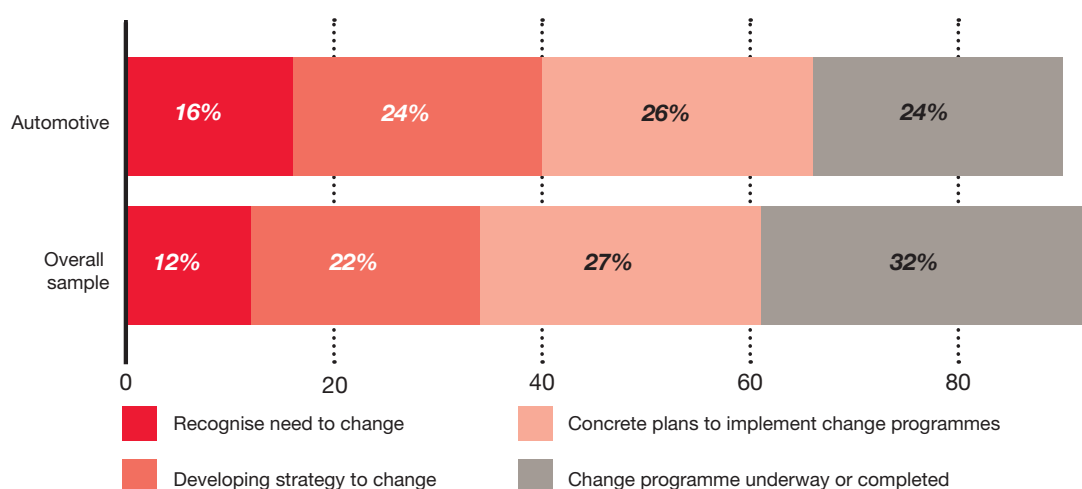
Talent strategies are getting a fresh look

To cope with transformative global trends, most automotive CEOs are taking a fresh look at their approach to human capital—91% of them see a need to adapt their talent strategies in response to transformative global trends. But only around one-quarter say they already have change programmes underway or completed. However, another 26% have concrete plans to implement change.

To get it done, some companies may need to make improvements to their human resource (HR) function. While 38% of automotive CEOs say HR is well-prepared to cope with the changes needed, more than across the sample overall, 60% believe their HR team is only somewhat prepared, or not prepared at all.

Figure 4 Most automotive CEOs see a need to change their talent strategies

Q: In order to capitalize on the two-three global trends which you believe will most transform your business over the five years, to what extent are you currently making changes, if any, in the following areas?



Base: All respondents (Total sample, 1344; Automotive, 87)
Source: PwC's 17th Annual Global CEO Survey

Going where the talent is

One key strategy that automotive CEOs are following is to go where the talent is. That can mean looking to emerging growth markets, or established markets with a strong talent base. For example, as part of its growth strategy, BorgWarner recently opened new facilities in Poland and Portugal. **James Verrier** elaborates: "Poland and Portugal are examples of locations where we get great talent—not just manufacturing and operational talent, but also engineering talent. Both of those facilities are close to well-regarded universities, a great source of technical talent to bring into BorgWarner."

His company isn't the only one looking at Central and Eastern Europe and Central Asia¹; 24% of automotive executives planning transactions next year expect to do a deal in the region, compared to just 15% of the total sample.

Building a strong local talent base

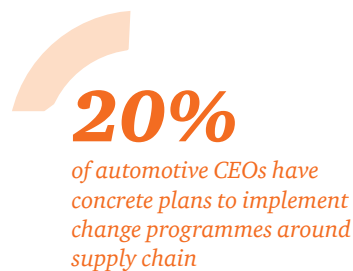
Operating in growth markets can sometimes be challenging from a staffing perspective. **Tom Linebarger** believes it's critical to develop the local talent base: "In China, Cummins has over 9,000 employees with only about 40 expatriates, and the leadership team is, all but one, local Chinese. In India, we have about 8,000 employees and very few expatriates. In Brazil, it's the same thing. We have expatriates from Latin America. We're building local capability that understands the market but that can link with Cummins' technology globally. We want to bring the full capacity and power of Cummins to every customer, no matter where they are in the world. That requires linking across places. But we need to have a face that's local—that understands what customers want and is able to access technology and trends from that market. So, as those emerging markets grow, Cummins has the opportunity to grow with them."

¹ Central and Eastern Europe and Central Asia includes Russia, Central Asia, Caucasus and Turkey.

Bringing your supply chain to your customers

There are other strong rationales to look at when moving production too. Looking beyond the talent part of the equation, **Verrier** cites other reasons that his company opted to build in Poland and Portugal. “Both locations are good examples of lower-cost footprints from our traditional Western European facilities,” he said. “It’s a conscious choice to invest into lower-cost regions of the world from a manufacturing perspective, but at the same time it is important to remain close to our European customers.”

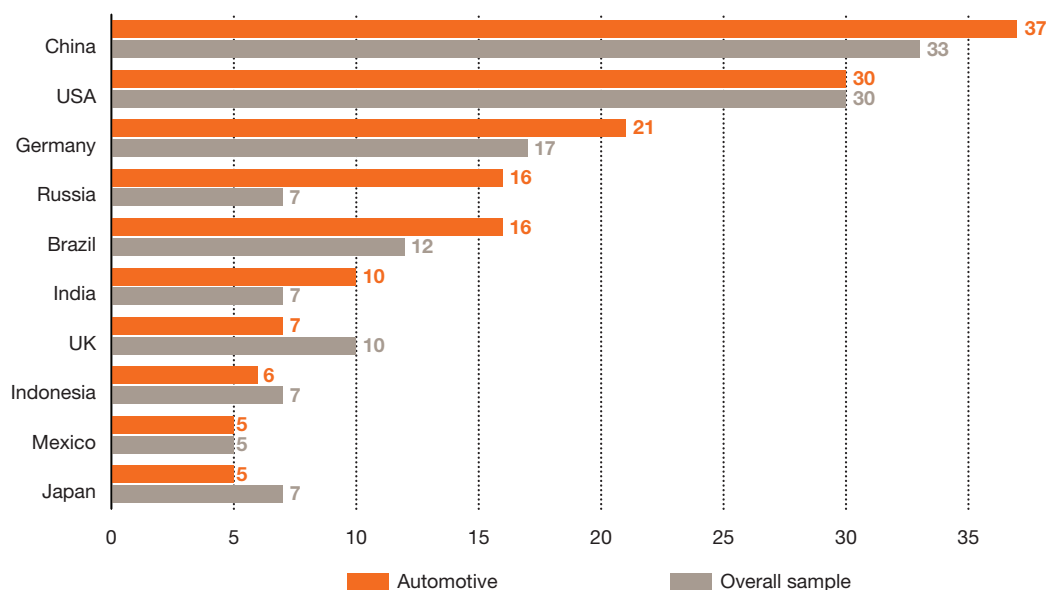
The majority of automotive CEOs see a need to adapt their supply chains, and 20% have already started or completed change programmes around the supply chain. One of the ways they’re doing so is improving regional supply-chain and logistics strategies to create an efficient flow of resources and products. Often that means building where their customers are. That includes China; it’s the world’s largest new vehicle market and this year it once again ranks #1 on the list of countries automotive CEOs consider important for their overall growth prospects (see Figure 5).



Source: PwC's 17th Annual Global CEO Survey

Figure 5 China is the #1 overseas growth market for automotive CEOs

Q: Which countries, excluding the one in which you are based, do you consider most important for your overall growth prospects over the next 12 months?



Base: Overall sample, 1344; Automotive, 87
Source: PwC's 17th Annual Global CEO Survey

In this year's survey, 56% of automotive CEOs say they are somewhat or very concerned that supply chain disruption could threaten growth. Being close to customers in multiple markets can help offset the impact of a potential disruption.

Take Dana for example. **Roger Wood** says, "We've structured our company to have resources closest to our customers, enabling us to make decisions in a fast, flexible, agile way to meet their demands. If we had decision making in only one place in the world, we could not be as fast as we need to be to take care of our customers where they are."

Working together across the supply chain

Consumers want to buy from companies that are operating sustainably and automotive CEOs are responding: 93% believe it is important to ensure the integrity of their supply chain. The relationship goes both ways. Many companies are making a concrete effort to reach out across the supply chain and the impact is becoming evident: 46% of automotive CEOs say their supply chain partners' trust in the industry has improved over the past five years.

Aligning your innovation strategy with your business strategies

Top innovators focus more on radical and breakthrough innovation. They treat innovation like any other business process. They set clear ground rules about the type of innovation they want, how they plan to measure it, and the trade-offs they are willing to make. They also create a disciplined research and development (R&D) structure, with rigorous processes that can be reiterated and scaled up.

A culture that nurtures innovation is critical to driving breakthrough innovation too. To transform a company's culture, the people who work within it need to change how they think, talk, decide and act—and that happens only when top management shows the way.

In this year's survey, 79% of automotive CEOs say they believe that technological advances are one of the top-three trends that will transform their business the most over the next five years. That's not surprising. From crowd-sourcing and big data to mobility solutions, technology has paved the way for innovation overdrive and access to new markets.

In order to capitalise on this and other transformative global trends, 57% of automotive CEOs currently have a program underway or completed, or already have a strategy in place, to implement a change around technology investments. And 54% of automotive CEOs say their companies are already making progress to change their approach to data management and analysis. Somewhat fewer (45%) automotive CEOs are on their way to changing R&D and innovation

capacity in response to global trends; in our view, this may be due in part to the strong emphasis that the industry has historically placed on innovation.

Michelin Group's **Jean-Dominique Senard** relates that. "At Michelin there is a strong corporate culture around innovation that simply needs to be emphasized. Research is substantial across all areas: materials, product architecture, the products themselves, etc. We invest heavily in our research centers, as we are more than confident in our ability to innovate. We have faith in this area."

Likewise, BorgWarner's **James Verrier** cites the speed and intensity around innovation as being a key focus of the company, which is actively taking steps to drive more global innovation.

Meeting and exceeding consumer expectations

Technological advances have also radically transformed consumer expectations for vehicles. Shifts in consumer spending and behavior ranks #3 on automotive CEOs list of potential business threats, with 62% concerned they could threaten growth. Automotive companies are taking action to make sure they meet the challenge head-on. From developing more fuel-efficient vehicles to integrating in-vehicle infotainment, automakers are working together with suppliers to deliver what consumers want.

Getting more fuel efficient

Developing fuel-efficient products is top-of-mind for industry players, since consumers now look for fuel-efficient products in all market sectors—off-highway, light and heavy vehicles. At the same time, automakers need to meet fuel economy regulations that vary widely across markets. That creates major challenges.

Developing a green product mix requires significant powertrain investments in hydrogen and electric, as well as light-weighting initiatives. And it means being responsive to customer expectations in different markets too. It's now necessary to design vehicles and production processes that can meet a wide spectrum of consumer preferences and regulatory standards across the globe. Fuel economy regulations differ, but some of the same principles apply when it comes to achieving them.

Recognizing this, savvy CEOs are 'cross-pollinating' to bring the highest level of fuel-efficiency value to a range of customers across all markets. And as Jean-Dominique Senard points out, improving environmental performance can be a real opportunity for suppliers too, not just OEMs.

Staying connected

Many consumers now want a fully integrated driving experience. But some regulators are concerned about driver distractions. Automotive companies are looking to technology to provide reliable and convenient ways to stay connected, while still helping drivers stay safe. In the quest for the "connected car," leading automakers have already taken great innovative strides, and we believe that escalating consumer expectations will continue to propel technological advancements well into the future. In our view, what's needed – and what we can expect to see going forward—are ongoing technology breakthroughs coupled with strong governance and discipline around innovation.

Both OEMs and suppliers are already bringing new products to market to respond to consumer desires to stay connected. For example, beginning this summer General Motors will roll out the industry's broadest deployment of 4G LTE connectivity in vehicles. OnStar with 4G LTE will allow customers to explore new features like a built-in Wi-Fi hotspot capable of pairing up to seven devices, as well as improved access to existing OnStar safety and security services. More than 30 Chevrolet, Buick, GMC and Cadillac vehicles will be equipped with OnStar 4G LTE by the end of the year.² And automotive supplier Delphi has developed Delphi Wireless Device charging to eliminate charge cords and adaptors to charge personal devices that can be distracting to drivers. These are just two of many examples.³

Scientists agree that in 30 years' time, the increasing scarcity of resources and the growing and aging population worldwide will go beyond being issues and turn into serious problems. Fossil fuel cannot remain our primary source of energy. Major changes need to be made; otherwise we can forget our rosy view of the world and start to picture a more complicated reality. For Michelin, the environment is both a real issue and an opportunity. An increase in the pace of things could be really advantageous for us in that tire performance will be hugely affected. Transport represents around 18% of fossil-fuel-related CO₂ emissions, of which tires alone represent four points!

Jean-Dominique Senard,
CEO, Michelin Group

² <http://media.gm.com/media/us/en/onstar/news.detail.html/content/Pages/news/us/en/2014/May/0512-4glte-pricing.html>

³ <http://delphi.com/manufacturers/auto/connection-systems/data-connectivity-systems/wireless-charging-consumer-devices/>

Developing infrastructure to support tomorrow's mobility needs

Technological advances aren't the only megatrend affecting the automotive industry. Significant numbers of sector CEOs rank urbanisation (40%) and resource scarcity and climate change (47%) as one of the top-three trends that will transform their businesses the most.

Mobility needs are changing

For example, private and public transportation models are changing and assumptions about mobility are being called into question too. Today over 50% of our planet lives in urban areas and in the next 25 years, this number is expected to rise to 75%—at which time, over 1.5 billion people will be moving to cities.⁴ As car sharing and other new modes of transit gain popularity in urban areas, where short distances and high volume are the norm, we expect to see paradigm shifts in vehicle ownership and use. If electric vehicles become the norm for 'city cars' used in car-sharing schemes, for example, urban areas may need to develop charging and parking infrastructure to support them.

New infrastructure may be needed

And that's not all. Technological advances are also playing a major part in shifts in mobility. Going forward, connectivity—including vehicle-to-vehicle and traffic-management systems—may require significant infrastructure investments to facilitate new transportation networks. That means building infrastructure in new cities, while replacing and updating infrastructure in older cities.

Automotive CEOs are aware of the challenge; 57% say they're concerned that inadequate basic infrastructure could threaten growth, compared to 47% of CEOs overall. And 54% think improving basic infrastructure should be a government priority. Many aren't happy with how well their government is doing—59% say their government is ineffective or very ineffective at improving infrastructure.

⁴ PwC's Megatrends, 2013

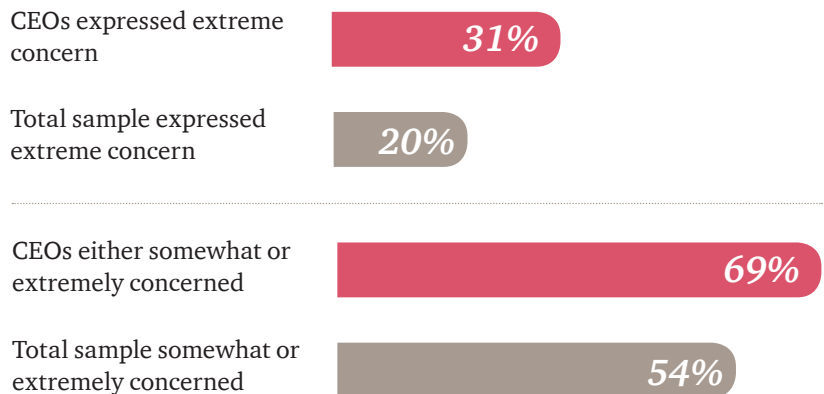
Costs are significant – and so is the opportunity

According to some estimates, the global infrastructure spend in the next 25 years or so will be roughly \$40 trillion.⁵ With that large a task ahead, automakers and suppliers should work with government to coordinate and seize opportunities to be an integral part of mega city logistics. Improving their country's infrastructure is already a company priority for 38% of automotive CEOs.

For some automotive industry companies, particularly those involved in sectors that support heavy machinery like earth-moving or other equipment, infrastructure spending also represents a significant market. Cummins' Tom Linebarger relates, "Infrastructure development is what we do. In emerging markets, we can help to build airports, build roads, and solve power problems with our products."

As for high and volatile raw materials prices, 31% of automotive CEOs expressed extreme concern vs. 20% of overall CEOs, while 69% are either somewhat or extremely concerned compared to 54% of the total sample. Concern about exchange-rate volatility is on the rise among automotive CEOs, 74% were concerned vs. 60% overall—up from last year when 71% were somewhat or extremely concerned. And, when it comes to high or volatile energy costs, 70% of automotive CEOs are somewhat or extremely concerned—far more than the total sample (56%)—but fewer than last year when 72% said they were concerned compared to just 52% of the total sample.

High and volatile raw material prices



Source: PwC's 17th Annual Global CEO Survey

⁵ PwC's Megatrends, 2013

Addressing resource scarcity and operating sustainably

82%

of automotive CEOs say that it is important to measure, and try to reduce, their business' environmental footprint

By 2030, the demand for water and energy is predicted to increase by as much as 40% and 50%, respectively.⁶ And that's just for starters. As resources become scarcer, simply managing price may no longer suffice. Businesses and governments should secure access to resources both domestically and internationally. Resource scarcity can significantly impact pricing of critical resources for manufacture and operation; that's why raw materials prices and volatility and energy costs and volatility are the top two business threats for automotive CEOs (see Figure 1 on p. 5).

OEMs and suppliers are rethinking their manufacturing and distribution strategies in response. One particular issue for automotive companies is the growing scarcity of rare-earth

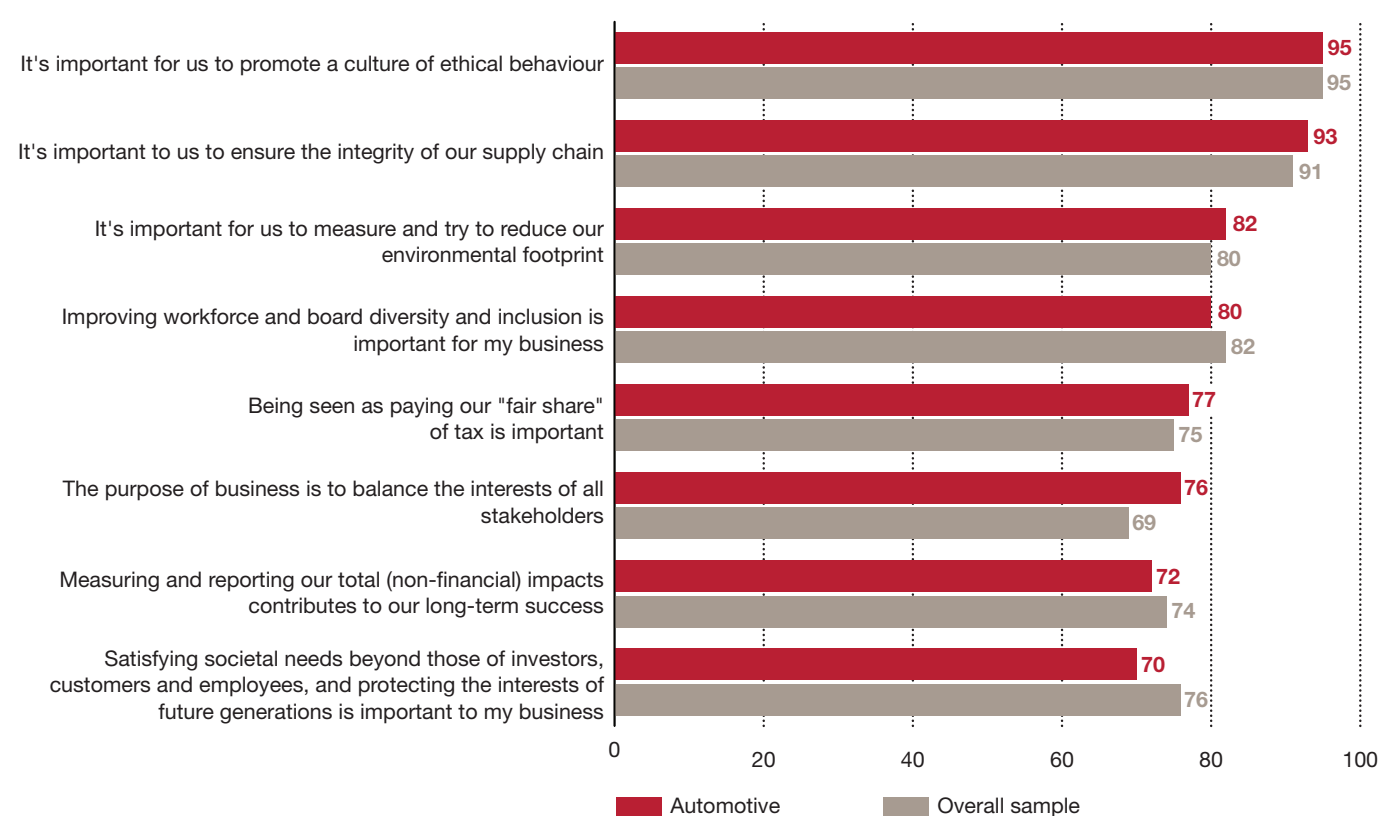
metals used in automotive manufacturing. That's likely to require cross-border cooperation—particularly given that China has a near monopoly on refining these minerals.

The automotive sector is making a significant commitment to improving its sustainability. For example, 82% of automotive CEOs say that it is important to measure, and try to reduce, their business' environmental footprint (see Figure 6). Many automotive companies are operating in a more environmentally friendly way by focusing on improving their energy efficiency, waste-management, recycling, reuse and other such efforts.

⁶ PwC's Megatrends, 2013

Figure 6 Ethics, integrity, and reducing their company's environmental footprint are important to nearly all automotive CEOs

Q: Please indicate to what extent you agree or disagree with the following statements



Base: Overall sample, 1344; Automotive, 87

Note: Percentage refers to CEOs who state they are 'agree' or 'agree strongly.'

Source: PwC's 17th Annual Global CEO Survey

In many cases, improving environmental performance has a clear cost benefit. But that's not always the case. On the road to the future, OEMs should make decisions on whether to aspire to cost leadership (minimum compliance with regulations) or quality leadership (sustainability trailblazers) within the context of different global and regional markets.

Gearing up for the march to the future

While this paper encompasses key survey takeaways specific to the automotive industry, we invite you to explore the overall results of our 17th Annual Global CEO Survey.

The big question: How fit is your company for future growth?

Drawing on the feedback CEOs provided in this year's survey, we've distilled some key questions to ask yourself, and answer, as you move forward in 2014:

- Is our talent strategy fit for global growth; does it effectively attract, keep and develop tomorrow's workforce? How local is our global growth strategy? Are we moving to where the talent is?
- Are we improving our regional supply chain and logistics strategies to create an efficient flow of resources and products, or are supply-chain disruptions threatening our organisation's success?
- What about our market-entry strategies? Are we effectively balancing global capabilities with local opportunities? Is our company seen as a "local business" rather than a foreign entity? If not, how can we change that perception?
- Are our innovations creating value for a range of customers? Are we keeping pace with the ever-changing needs and expectations of consumers as the industry evolves? Do we have a well-reasoned strategy in place for the new digital age, or should we be collaborating firmwide on that critical first step in the journey to the future?
- To that end, are we leveraging technology to seamlessly connect the various parts of our business, or do we need to focus more clearly on connecting all involved with a particular car—from showroom, to customer, to maintenance and beyond?
- Given the ongoing volatility of the economy, do we have an effective strategy and strong governance in place to identify and adapt to the consequences of various risks that can impact our business—e.g., supply chain, regulatory, political uncertainty, exchange rate fluctuations?

For further insights into the survey results and what they might mean for your business, please contact any of these PwC automotive industry leaders:

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Mr. Jean-Dominique Senard

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Michelin Group

Mr. Roger Wood

President and CEO
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Download the main report, access the results and explore the CEO interviews from our CEO Survey online at www.pwc.com/ceosurvey.



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