Salvaging Our Legacy: How The Automotive Project Helped Black Automotive Suppliers

RAINBOW PU$H Automotive Project
An Initiative of CEF

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Executive Summary

... it is imperative to maintain the viable and thriving black-owned businesses in operation today that aid automotive manufacturers in delivering quality products.

Situation: **A convergence of circumstances between 2008 and 2010 nearly eliminated most black-owned automotive suppliers.** Rising gas prices, the collapse of the U.S. housing market, unscrupulous practices by private financial institutions, the failure of mortgage-backed securities, among other issues, helped contribute to an economic environment that placed countless black-owned automotive suppliers on the brink of extinction. Through no fault of their own, these black-owned suppliers—long-standing, successful partners of automotive manufacturing companies—found themselves swirling amid a financial environment that caught every facet of American capitalism in its dragnet. Many of these suppliers, some with as many as 400 employees, encountered uncertainty and hard times during this period to the extent that their very survival was on the line every day.

Problem: **The receding of any black-owned automotive supplier would yield devastating consequences.** Black-owned automotive suppliers, dubbed Legacy Suppliers by Rev. Jesse Jackson Sr., have proven to be the best and brightest at what they do. But while they are on par with other suppliers in terms of product quality, engineering, price, customer service, among other areas, the black-owned automotive suppliers in existence today are essentially first-generation entities. There are few, if any, small, black-owned automotive suppliers on the horizon that are growing and preparing to succeed today's businesses. Consequently, it is imperative to maintain the viable and thriving black-owned businesses in operation today that aid automotive manufacturers in delivering quality products.

Solution: **The Automotive Project stepped in during the bleakest part of the recession to act as the conduit between suppliers and automotive manufacturers.** With the economy in turmoil and the automotive industry suffering an unprecedented nosedive in sales as a result, car companies tightened their belts and looked to cut costs across the board—up to and including severing ties with black-owned automotive suppliers. The Automotive Project team mobilized and leveraged its existing relationships with top-level executives at General Motors in an effort to stem the tide of the economic calamity relative to the Legacy Suppliers. Those suppliers in extreme peril had the opportunity, accompanied by Rev. Jackson, to speak directly to decision-makers at the manufacturers. These conversations were the impetus behind countless suppliers surviving the most fiscally challenging experience they had ever faced.

Result: **Intervention from the Automotive Project helped black suppliers stay in business.** Rev. Jackson has for many years worked hand in hand with the automotive companies. RainbowPUSH even had a Memorandum of Understanding in place with Ford Motor Company to ensure the auto company remained vigilant in treating the African American community fair and equitably. Rev. Jackson met with automotive executives and discussed on behalf of the automotive suppliers the plight that they faced. His influence and existing relationships with decision-makers proved invaluable, as many black-owned automotive suppliers averted disaster and have since become profitable once again.

Introduction

One could not escape the inundation of news coverage from 2008-2010 chronicling the recession that gripped the country—and indeed, many parts of the world. Information about the recession was plastered all over television, radio, newspaper and internet outlets, as experts bantered back and forth about its causes, its effects and its possible duration. Few people were immune to the recession's grasp.

The Great Recession, as it has been coined, was the worst post-World War II economic contraction on record. Americans from coast to coast felt its wrath; jobs were slashed at an alarming clip. The national unemployment rate was five percent in December, 2007, which economists say marked the start of the recession. From January, 2008 to December, 2010, unemployment hovered between five and 9.4 percent, reaching a high of 10.1 percent in October, 2009.[1] Perhaps no other industry was hit harder than the automotive sector. There were 703,900 people employed in the U.S. motor vehicles and parts manufacturing industries in 2008, but that number was trimmed by about 16 percent during the recession—or roughly 116,500 jobs.[2] As a whole, the auto industry accounted for about 13 percent of U.S. manufacturing jobs. Between autoworkers, suppliers and employees of various businesses that are dependent on the industry, there were a little less than three million people who relied on the success of the auto industry.[3]

There were 17.8 million vehicles sold domestically in 2000—the most in history. By 2009, during the depths of the recession, sales dipped by 40 percent to 10.6 million—the fewest since 1982.

The livelihood of all three million or so people hung in the balance during the recession. There were 17.8 million vehicles sold domestically in 2000—the most in history. By 2009, during the depths of the recession, sales dipped by 40 percent to 10.6 million—the fewest since 1982.[4] This obvious reduction in revenue triggered the need for automakers to reduce costs. They laid off workers, offered buyout packages, closed plants…they did everything they could to reduce their break-even mark. But the automakers found it difficult to slash costs at the same pace they lost revenue. A large percentage of their expenses—legacy costs, property taxes, interest costs—are fixed and independent of fluctuations in the economy, which complicated matters even more. Part of the automakers' expenditure-cutting process also involved streamlining their supplier base. Since vehicle sales plummeted 40 percent, automakers no longer needed the volume of material provided by suppliers. Fewer vehicles sold meant fewer vehicles produced; fewer vehicles produced meant less reliance on black-owned auto suppliers.

Consequently, most black-owned automotive suppliers began feeling the pinch. One supplier's business plummeted as much as 80 percent. Not only were these suppliers caught in the tight squeeze of car companies slashing costs, but most suppliers also started experiencing difficulties with their financial institutions. Looked at as "at risk" by their banks because of the drop in business, most suppliers experienced a crippling cash flow dilemma and reduced availability to credit as a result. Payroll and bill payments were jeopardized, and their ability to maintain a viable and profitable business was in question on a daily basis.

[1] *Source: U.S. Department of Labor; www.dol.gov.*
[2] *Source: Jerry M. Rosenberg; "The Concise Encyclopedia Of The Great Recession 2007-2010;" pg. 20.*
[3] *Source: ibid; pg. 21.*
[4] *Source: http://wardsauto.com/keydata/historical/UsaSa01summary/*

▶ **Lending Support:** Warding Off A Return To Reconstruction

The Automotive Project began in 1998 as a vehicle to help promote equal opportunities in the marketplace for people of color, as well as provide them with greater access to capital and technology. These founding principles have remained in the forefront of the organization while also serving as the catalyst behind why Rev. Jackson intervened during the economic collapse in an attempt to help revitalize black-owned businesses. Suppliers found it increasingly difficult getting even a modicum of commitment and loyalty from automakers during the recession, despite having in some cases a two-decade-long working relationship with them. And even though some suppliers were armed with ideas to help save the automakers money during a time when they were hemorrhaging cash, they were not granted an audience with decision-makers. Frustrated, scores of black-owned automotive suppliers sought Rev. Jackson's assistance once they determined their efforts alone would not be enough to salvage their ailing enterprises.

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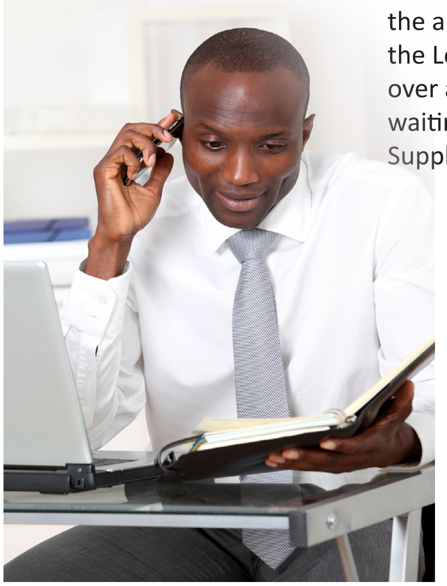
Further increasing the ire of the Legacy Suppliers is none of them received a dime of the reported $5 billion the federal government provided to aid struggling automotive suppliers.[5] The White House auto industry task force concluded that without the bailout, failure of the supplier base would have been imminent and further sank automakers into financial dire straits. Because automakers usually share the same suppliers, the resulting disruption in production caused by a fading supplier base would have only expedited the industry's demise.[6] Even with the acknowledged importance of automotive suppliers, Legacy Suppliers were left to fend for themselves in an environment that seemed to reflect a passé attitude about their survival.

Rev. Jackson organized a series of meetings with Rick Wagoner, former chairman and CEO of General Motors, and Bo Andersson, former global vice president of purchasing for General Motors. GM was chosen because practically all Legacy Suppliers had contracts with the automaker. Rev. Jackson appealed to the leadership of GM from two perspectives: first, the Legacy Suppliers had demonstrated the ability to deliver quality products and services over a long period of time; secondly, there were no burgeoning black-owned suppliers waiting in the wings to continue the tradition, making the preservation of the existing Legacy Suppliers that much more important.



[5] *Source: Bloomberg BusinessWeek: http://www.businessweek.com/lifestyle/content/mar2009/bw20090319_960219.htm*
[6] *Source: Ibid*

Lending Support (Cont.)

Additionally, Rev. Jackson discussed with GM the challenges facing black-owned automotive suppliers and what role everyone—General Motors, the Automotive Project, the suppliers themselves—should play in getting those companies back on track. The most imperiled suppliers crafted a list of at least three ideas to help strengthen their relationship with the automaker, and this information was passed on to Mr. Andersson. It was consistently shared with Mr. Andersson the need for these Legacy Suppliers to survive. Their extinction would have marked the end of black-owned automotive suppliers as we know them today, which some have said would have ushered in an atmosphere reminiscent of Reconstruction.

Mr. Wagoner and Mr. Andersson ultimately fulfilled their commitment of ensuring the Legacy Suppliers' ideas would be heard in the boardroom. Most of these suggestions were simple in nature, yet necessary and important enough that if not implemented would have indeed caused disaster for the Legacy Suppliers. Ideas such as improving lines of communication between the suppliers and the automaker, executing specific cost-saving strategies and making concessions that would benefit both sides in the long run were discussed. By that time, however, the suppliers were forced to make the difficult and painful decision of trimming overhead, including massive layoffs, just to remain afloat. General Motors eventually consented to a process whereby its relationship with the Legacy Suppliers would continue. Specific adjustments and compromises from both parties were necessary to make it a success, but through a sequence of meetings and back and forth negotiating, it happened.

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Meanwhile, the model used at GM identifying the strengths, expertise and long-standing history of the Legacy Suppliers was shared on their behalf with other manufacturers, including Ford, Chrysler, Toyota, Honda and Volkswagon. This access gave those suppliers unable to regain pre-recession revenue the chance to supplement their business with new customers thanks to the efforts of Rev. Jackson and the Automotive Project team.

▶ **Case Study:** Vitec LLC; Detroit, Michigan

"...if Rev. Jackson hadn't come along when he did, I'd have never had the chance to do it because (my company) would've been gone."

Vitec is the largest division of Global Automotive Alliance LLC, a Detroit-based automotive supplier. Launched by entrepreneur William F. Pickard Ph.D, Global Automotive Alliance oversees six manufacturing entities with plants in multiple states and Canada. Vitec serves as a leading manufacturer and supplier of fuel delivery systems in the automotive industry, specifically for General Motors and Chrysler.

Vitec employed approximately 250 people before the economic collapse. Business was steady and on solid footing. But GM's sales and revenue began to shrink, and the company was forced to purchase less material from Vitec to coincide with the inevitable decline in production. It was also necessary for Vitec to cut its pricing for the business it retained just to remain competitive in a consolidating global industry. Dr. Pickard's operation ultimately lost as much as 50 percent of its revenue and 20 percent of its workforce. Those workers that remained were forced to take a substantial pay cut. Anxious moments ensued as company leadership battled and fought each day to keep the business going. Literally on the brink of closing its doors thanks to a shrinking revenue stream and no financial institution that believed in the company, Vitec was spared an unfortunate fate when the Automotive Project team stepped in.
Rev. Jackson's meetings with GM leadership helped forge a plan geared specifically for Vitec that enabled the company to stay in business. With the implementations agreed to by both sides, Vitec, a leaner version of its pre-recession self, became a profitable venture again roughly 18 months after Rev. Jackson's involvement—even though revenue remained at half of what it was.

"If someone had told me that my company's revenue would literally be cut in half and I'd still be profitable, I'd have said it was impossible," Dr. Pickard said. While difficult and painful to do, he said the key to being profitable is being diligent in paring down expenses—something automakers have done to regain their profitability. "Several years ago, 17 million vehicles were sold in America. Today, about 11 million are sold, but the car companies are making money again. How'd they do that? They took out head count. They closed plants. They consolidated operations. They were attentive to what they had to do to get their costs down. And that's what I did. As much as I hated to do it, I had to do what I had to do to survive. But if Rev. Jackson hadn't come along when he did, I'd have never had the chance to do it because (my company) would've been gone."

▶ **Case Study:** MCL JASCO, Detroit, Michigan

"I like where we are, but we wouldn't be here without the help of Rainbow PUSH and Rev. Jackson."

MCL JASCO companies are vertically integrated to provide a full range of supply chain management services. Founded in Detroit by Louis James, MCL JASCO companies—JATDCO, Motor City International, JamCam, JASCO International—provide a complete range of supply chain management solutions, steel processing services and MRO services that help its customers worldwide improve their business performance.

Before the economic collapse, MCL JASCO was not experiencing much growth, but business was stable. During the height of the downturn, however, the company lost as much as 75 percent of its General Motors business. The drop in overall revenue created challenging times within the company. Meanwhile, Rev. Jackson met with non-OEMs on MCL JASCO's behalf, sharing with them the experience, expertise and capabilities that Louis James' companies possessed. These efforts helped secure business outside the automotive sector, as DTE Energy was added to the company's portfolio and ultimately became MCL JASCO's biggest customer.

Overall, the company's revenue is about half of what it was pre-recession, but it is still profitable. Despite his companies' return to profitability, James views his approach as being in "survival mode." "The troubles we had before won't happen again," he insists. "We've adjusted to where we are and we've diversified the non-automotive side of our business. I like where we are, but we wouldn't be here without the help of Rainbow PUSH and Rev. Jackson."

▶ **Case Study:** Rickman Enterprise Group International LLC, Detroit, Michigan

"I would tell the next generation of entrepreneurs to diversify their customer base. Don't have all your eggs in one basket."

Rod Rickman started Rickman Enterprise Group International LLC in 1987 as a facilities management company. Rickman Enterprise was on steady ground before the economic troubles, providing a stable workload for its employees while maintaining solid relationships with current customers. The company serves as a tier 1 supplier to Ford Motor Company, Chrysler and General Motors. Once the domestic auto industry plummeted, however, so too did automakers' reliance on Rickman Enterprise's expertise. The company ultimately lost between 75 and 80 percent of its business. Reeling and on the brink of closing its doors and potentially putting 180 people out of work, Rickman Enterprise benefited from Rev. Jackson's conversations with OEMs—conversations that centered on reminding manufacturers of the sheer know-how and long-standing success of Rod Rickman's organization.

Not only did Rickman Enterprise experience a devastating decline in business to the tune of 80 percent, but adding insult to injury, the company ran headlong into challenges not of their own doing. "Having the credit rating of your blue ribbon customers drop, then having your financial institution back out of extending lines of credit on P.O.s that you have with those customers is enough to keep you up at night," Rickman says.

Methodically, the company has regained profitability to the extent that the future once again looks bright. Rev. Jackson's involvement kept the lines of communication open with key decision-makers in the auto companies—something that could not have been done otherwise. "It's taken us about 12 to 18 months to right-size the company to where things are stable again," Rickman says. He is appreciative of Rev. Jackson's help, but Rickman's aim is to shield his organization from ever going through again what he went through. "I would tell the next generation of entrepreneurs to diversify their customer base. Don't have all your eggs in one basket. Look to diversify your business with customers in three to five different industries."

▸ **Case Study:** Engineered Plastic Products, Inc. and Performance Manufacturing Group LLC, Ypsilanti, Michigan

"Without Rev. Jackson's involvement after EPP went down, I would not have been given any opportunity to come back into the industry (with PMG)..."

Gerald Edwards, president and CEO of Engineered Plastic Products, Inc. (EPP), grew the company into one of the largest black-owned plastic component companies in the world, with revenues approaching $80 million. The company specialized in the design and manufacturing of plastic and injection-molded interior trim components and garnered countless awards and accolades in the process, including winning General Motors Supplier of the Year Award five consecutive years (1999-2003) in its division. Business slowly began to suffer, however, when the company's pricing structure changed. "Plastic is a by-product of the petroleum industry," Edwards says, "and our costs started to increase when Hurricane Katrina disrupted the oil industry in the Gulf of Mexico. We weren't able to sustain business with that increase."

Things went south fast, and EPP was forced into bankruptcy in 2006. Rev. Jackson began talks with Bo Andersson, GM's former global vice president of purchasing. Mr. Edwards usually joined the conversations, but there were instances where Rev. Jackson met Mr. Andersson alone on Mr. Edwards' behalf. Ultimately, a plan was devised where Mr. Edwards would start another business with GM as its chief customer; hence, the birth of Performance Manufacturing Group LLC (PMG). The new company, while smaller in size and revenue than EPP, delivered the same specialty plastic products as EPP. PMG never attained the volume of jobs it needed to secure long-term viability. Consequently, Mr. Edwards sold the business in 2010 after a two-stint. "Without Rev. Jackson's involvement after EPP went down, I would not have been given any opportunity to come back into the industry (with PMG)," Mr. Edwards says. "I had the chance to get back on my feet, and that's all because Rev. Jackson and his team took charge of the situation."

Case Study: The Bartech Group, Livonia, Michigan

"We received wonderful support from (Rainbow PUSH) to attract and win new clients, and as a result of that assistance, our business is doing really well today."

The Bartech Group, billing and managing $1 billion in revenue annually for its customers, is one of America's most respected and successful talent acquisition and management firms. The company focuses on recruiting, placing and managing contract associates in its staffing division for companies such as Ford Motor Company, General Motors, Chrysler, and others. Through its Bartech Workforce Management (BWM) division, the company manages the procurement of human resource talent for major corporations worldwide, including Delphi, Verizon, GlaxoSmithKline, Eaton Corporation, to name a few. Between the two divisions, The Bartech Group manages and staffs well over 20,000 professionals.

Generally speaking, when the economy is robust, the staffing industry is robust; likewise, when the economy hits a downturn, the staffing industry is historically the first to take a hit since contract employees are typically the first employees let go when challenges arise. Business suffered a bit at The Bartech Group during the economic tailspin in 2009 and 2010. The company was forced to lay off hundreds of workers in its staffing division, and it lost about 30 percent of its transaction volume within the BWM division. It is during this time that the Automotive Project team stepped in to assist The Bartech Group in its marketing efforts. As a result, the company met with prospective customers and was ultimately awarded new contracts that helped expedite The Bartech Group's recovery. These new contracts not only aided in the company's recovery, but they provided a broader, more diversified customer base. Organizations in the healthcare, pharmaceutical and telecommunication industries have now been added to the already impressive customer portfolio of The Bartech Group.

"We're very appreciative and thankful to Rainbow PUSH for helping us market our services," Chairman and President Jon E. Barfield says. "We received wonderful support from (Rainbow PUSH) to attract and win new clients, and as a result of that assistance, our business is doing really well today."

Case Study: Diversity-Vuteq LLC, New Albany, Mississippi

Diversity-Vuteq LLC is an automotive supplier of molded plastic parts and assemblies. It is an international joint venture between Dr. Lawrence Crawford and Vuteq, a major Japanese automotive supplier to Toyota. This collaboration supports Toyota operations in Indiana and Mississippi.

"Without the help of Rev. Jackson's organization, our company would not be here. We're growing once again and very stable, and we have Rev. Jackson to thank for that."

Diversity-Vuteq was negatively affected by external forces beyond its control during the recession. First, a business partner filed for personal bankruptcy before completing his financial obligation, which severely hampered the company's cash flow. Shortly thereafter, Diversity-Vuteq's suppliers began reducing its credit line—this coming on the heels of the company's bank reducing availability to credit as well. It was into this convergence of circumstances that Rev. Jackson and the Automotive Project team got involved. Rev. Jackson personally met with corporate executives at Toyota, and staff members of the Automotive Project approached Diversity-Vuteq's financial institution and fought vigorously on the company's behalf.

The efforts of Rev. Jackson and his team not only helped with re-establishing Diversity-Vuteq's place as a quality supplier for Toyota, but they also supported the company in launching a new initiative with a different customer. It was the resulting diversified portfolio of customers that spearheaded and accelerated the company's survival. "I am grateful to Rev. Jackson and the Automotive Project team for their support," Dr. Crawford says. "Without the help of Rev. Jackson's organization, our company would not be here. We're growing once again and very stable, and we have Rev. Jackson to thank for that."

Case Study: ChemicoMays LLC, Southfield, Michigan

ChemicoMays LLC, headed by president and CEO Leon C. Richardson, is the largest African-American chemical concern in North America. The company, a two-time General Motors Supplier of the Year Award recipient (2009 and 2010), offers sustainable chemical management programs to clients in various industries. Some of ChemicoMays' business is tied to volume, so as the annual number of vehicles sold decreases, so too does the company's revenue. As a result, ChemicoMays' revenue fell about 12 percent during the recession.

..."Rev. Jackson met with the auto companies and continued to encourage them not to retreat from their support of minority suppliers

"Rev. Jackson met with the auto companies and continued to encourage them not to retreat from their support of minority suppliers—our company in particular, as well as a few others," Mr. Richardson says. In addition to the assistance from the Automotive Project, ChemicoMays used its expertise and good name in the marketplace to secure additional business outside the automotive sector. "We tightened our deficiencies (in the automotive industry) by obtaining business outside the industry," Mr. Richardson says. "Diversification is the key to withstanding any economic downturns in the future."

Case Study: Hightowers Petroleum Co., Franklin, Ohio

...Glenda Gill led the way in arranging correspondence between HPC and GM executives responsible for purchasing.

Hightowers Petroleum Co. (HPC) supplies and transports fuel and petroleum-related products (gasoline, diesel fuel, alternative fuels, lubricants, and oils) as well as storage tanks and remote electronic monitoring equipment to clients nationwide. Unlike many other black-owned businesses that struggled during the recession, HPC flourished. Businesses and individuals require the use of petroleum on a daily basis, regardless of the overall condition of the economy. Consequently, HPC increased its business by more than 200 percent between 2007 and 2010.

HPC looked to expand an automotive customer base that already had Honda and Ford Motor Company in the fold. The company had cursory discussions with General Motors, but nothing ever fully materialized. The progress HPC had made with GM was stunted when those within the automaker who championed the cause of working with HPC moved on from their positions. Glenda Gill, executive director of the Global Automotive Project, led the way in arranging correspondence between HPC and GM executives responsible for purchasing. These meetings kept HPC on GM's radar and in contention for business. HPC was soon awarded GM's business and the automaker has since overtaken Ford and Honda as the company's largest automotive customer.

Case Study: The Bing Group, Detroit, Michigan

...Rev. Jackson also led the cause of ensuring Ford and GM executives were aware of the challenges facing one of the industry's foremost suppliers—black or white.

The Bing Group, founded as Bing Steel, Inc. in 1980 by Hall of Fame basketball player Dave Bing, was a diversified base of manufacturing companies that provided products to customers in the automotive, appliance, and office furniture industries through vertical integration. It was one of the largest and most successful black-owned manufacturing conglomerates in the country during its heyday. Even with such admirable descriptions, it too experienced a severe drop in revenue during the recession—almost 40 percent.

Mr. Bing has a long-standing history with Rev. Jackson. He, along with several other influential Detroit-area business owners, actually approached Rev. Jackson with the idea that ultimately led to the creation of the Global Automotive Project in 1998. So with The Bing Group in peril during the economic downturn, company leaders adopted aggressive cost-cutting measures to keep the business moving forward. Rev. Jackson also led the cause of ensuring Ford and GM executives, two of Bing's primary customers, were aware of the challenges facing one of the industry's foremost suppliers—black or white. Ultimately, though, the rapid change in the industry "didn't work for us any longer as a business model," former Bing executive Kirk Lewis says, and after almost 40 years in business, The Bing Group closed up shop.

Three Strategies To Withstand Another Economic Slump

Contraction of the automotive industry, and the manufacturing industry as a whole, relative to blacks did not start with the Great Recession. This is a trend that began in 1990 and chronicled in a 2007 study that revealed black workers were about 15 percent *less* likely than workers from other racial and ethnic groups to have a job in the automotive industry. Considering that in 1979 blacks were *just* as likely to have jobs in the automotive industry sheds light on how stark these findings are and how quickly blacks' participation in the industry has dwindled. Specifically, the study also found how the share of blacks working in manufacturing overall declined from 23.9 percent in 1979 to 9.8 percent in 2007.[7]

Since black-owned automotive suppliers place an emphasis on recruiting, hiring and promoting qualified black candidates, the diminishing manufacturing base affects a great number of blacks and makes the safeguarding of the Legacy Suppliers all the more important. But how can these Legacy Suppliers insulate themselves from the cyclical nature of the economy? Here are three business strategies that will help companies withstand the strains of an economic downturn:

- **Diversification:** 'When automakers get a cold, black suppliers get double pneumonia' is a sentiment shared by many in the industry. In other words, the challenges that beset automakers are felt twice as much among the Legacy Suppliers and others. To stem the tide of a potential downturn in the future, black suppliers must look to expand their customer base. Partnering with customers in emerging industries such as healthcare, alternative energy, aerospace, IT, education, pharmaceutical, and others, could go a long way toward protecting the viability of their business. Beyond potentially shielding the company from possible economic slumps, diversification is simply a sound business strategy to employ.

- **Globalization:** Advances in communication, transportation and information technology, as well as the emergence of international finance make doing business beyond the borders of North America a less cumbersome business tactic. The few Legacy Suppliers that conduct portions of their business internationally actually saw those areas increase during the recession. While it's arguably the most difficult of the three to accomplish, the impact of globalization can yield untold and long-lasting benefits to a company.

- **Develop a robust relationship with your financial institution:** Relatively speaking, black-owned automotive suppliers are mostly young, first-generation enterprises and thus lack adequate reserves to withstand tough economic times. Several Legacy Suppliers experienced inflexibility from their financial institutions during the recession to the extent that their access to credit was either limited or cut off entirely. Developing a solid partnership with a financial institution that believes in the business is the first step toward building a defense against a spiraling economy.

[7] *Source: John Schmitt and Ben Zipperer; Center for Economic and Policy Research; "The Decline in African-American Representation in Unions and Manufacturing, 1979-2007."*

▶ Concluding Summary

Yesterday's automotive industry has transformed into a multifaceted, multinational phenomenon where the "business as usual" mindset is obsolete. Events, both domestically and internationally, have changed the scope of the industry and put into focus the need to respond efficiently to changing market dynamics.

The condition in which the Legacy Suppliers found themselves during the Great Recession helped strengthen an already potent resolve that allowed many of them to pursue their endeavors in the first place. More than that, the experience affirmed the need for businesses to remain adaptable in an ever-changing and complex industry. These changes are not always easy to contend with, nor are they easily avoided; oftentimes, they are not of our doing. But when alterations are made to the business landscape, it behooves us all to unify and fight for the common good. If we don't look out for our own best interest, who will?

And that's what the Automotive Project set out to do in this case. Some of the industry's finest were caught in a web of economic disaster and could not navigate their way out of trouble alone. Rainbow PUSH and the Automotive Project team stand shoulder to shoulder with the Legacy Suppliers, ready to continue the fight of ensuring equal access and opportunity for people of color.

▶ About the Automotive Project

The RainbowPUSH Automotive Project began in 1998 after several Detroit-area businesspeople witnessed the success and universal appeal of RainbowPUSH's Wall Street Project in New York. This group of prominent and successful individuals, led by Mel Farr, John Conyers Jr. and Dave Bing, sought the advice and influence of Rev. Jesse Jackson Sr. once they realized how few opportunities there were for blacks to have access to capital and own car dealerships. The infrastructure of the Wall Street Project was mirrored in Detroit and became the Automotive Project. Its focus is to promote access to industry, capital, technology, as well as leveling the economic playing field for people of color and women.

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