

# Ep.2.43 - Ron Hall & Doug Del Grosso

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## SUMMARY KEYWORDS

seating, ron, joint venture, customers, doug, automotive industry, michigan, business, pandemic, automotive, bridgewater, continues, general motors, industry, tier, detroit, point, facilities, automaker, vehicles

## SPEAKERS

Announcer, Ed Clemente, Doug Del Grosso / Ron Hall

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- A** Announcer 00:01  
Welcome to The Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.
- E** Ed Clemente 00:29  
Hello, I'm your host Ed Clemente and today we are fortunate to have two guests, Doug Del Grosso. He's the President and CEO of Adient and Ronald Hall, who's the President and CEO of Bridgewater Interiors. Welcome to the show. [Thanks very much Ed] So, I think I'm gonna just start out I know, just to do a quick intro, and I think you guys agreed you want Ron to kind of kick it off and then Doug a little bit? I don't know if you guys had,
- D** Doug Del Grosso / Ron Hall 00:59  
Yeah, that sounds crazy. Yeah. Okay, perfect.
- E** Ed Clemente 01:02  
So Ron, why don't you, we'll start with you first and just say when, say someone doesn't know what Bridgewater Interiors is, what do you sort of tell them?
- D** Doug Del Grosso / Ron Hall 01:12

Bridgewater Interiors is an automotive interiors manufacturing firm specializing in seating systems. We assemble, sequence and deliver seating systems on a just-in-time basis to four different car makers at four different facilities across two states and 11 car models. We employ about 2,400 employees. We've been in business since 1998.

**E** Ed Clemente 01:41

And Doug?

**D** Doug Del Grosso / Ron Hall 01:42

Yup, very similar. Adient is a global leader in automotive seating. Like Bridgewater, we assemble automotive seating, we also produce components that go into automotive seating. We're a little bit larger global company, we've got 72,000 employees in 31 countries, got over 200 manufacturing sites, and Adient seats go in approximately 20 million vehicles annually.

**E** Ed Clemente 02:16

Yeah, you know, and it's funny, it it's, it's amazing, even I'm learning. That's why I like doing the podcast. I know there's a big, I don't know if you to classify yourselves as Tier ones, Tier twos. Are you both different tiers?

**D** Doug Del Grosso / Ron Hall 02:30

No, I think of both of us as Tier one automotive suppliers.

**E** Ed Clemente 02:35

Okay. And so the reason you're both and a little bit is came through our CEO Quenton Messer, who recommended both of you and you both agreed that you wanted to do it together, which is nice. But I think Ron, this is where we may, you might want to give a little bit of the history of your relationship with us.

**D** Doug Del Grosso / Ron Hall 02:53

Sure. Sure. So the company is, is a joint venture. It's has two members. It's a Michigan LLC. And it has two members, one of which is Epsilon Technologies, which is a Detroit business partnership, formed by, originally by my father, and a few partners. And then it was originally Johnson Controls that owned the other portion of the company, and as I'm sure Doug will explain, you know, Adient was formerly the Automotive Systems Group of Johnson Controls. And the company was really born of the supplier diversity movement in the automotive industry, in an effort led by General Motors, that along with other automakers was frustrated, you know, at the close of 20th century that after, at that point, you know, 30 years of investing

in supplier diversity, they had, they did not have a landscape that included minority owned suppliers in the manufacturing space, at size and scale. And amidst discussions about what to do about that, what might be done about that, in efforts to continue to advance supplier diversity efforts and all that is connected to that. The notion of the joint venture was formed. At the time Harold Kutner was the head of purchasing at General Motors and John Barth was the head of the Automotive Group at Johnson Controls. My father was the President at the Michigan, it was then the Michigan Minority Business Development Council, which, you know, among other things, is the certifying agency for MBE-certified firms for the corporate sector here in Michigan. And long story short, the idea of the company was born from that. Adient mentored Bridgewater into the space and General Motors supported the venture by providing the first purchase order, which was for the then the Cadillac DeVille. That was before they renamed it the DTS for folks who remember that far back. And this was right about the time, General Motors was relaunching the Cadillac brand. So it was a really big deal at the time, just the notion that a supplier was going to come in, develop a facility in the city, there hadn't been a manufacturing facility built in Detroit, in decades, at that point, employ a labor force that by and large, did not have automotive industry experience, and build what was at that time, one of the most sophisticated seating systems in the industry. You know, was it doable? I think that a lot of folks in the industry take for granted now that joint ventures like Bridgewater can work. And the company has been, you know, copycated you know, many times in the last couple of decades, but we're pretty proud of the fact that we were first in it, and that we're still pretty good at it.

E

Ed Clemente 06:13

Yeah, Doug, why don't you sort of amplify that a little bit because I know you have a little bit additional narrative to that.

D

Doug Del Grosso / Ron Hall 06:18

Yeah, just a few comments. Fortunately, or unfortunately, I'm old enough to remember not only the start of the joint venture, I happen to be at that time working for now our largest competitor. That will, that will remain nameless, I'll say. But we were on the other side, when, when Ron and his father, Ron's father create the joint venture. We thought it was really quite a brilliant idea how to partner. And I think what's really interesting is that the joint venture has stood the test of time. So that was a number of years ago, it still supports business for General Motors, it's grown in to support other customers. Ford and Honda, as Ron mentioned, are operating, you know, for facilities. It's grown outside of the state of Michigan and it's remained a very viable venture for our customers that continues to operate. And many of our competitors have tried to do similar things and have failed. And I think at Adient, we're particularly proud of the fact that this this venture continues to operate strong and continues to look for opportunities to grow.

E

Ed Clemente 07:57

And, Doug, I'm gonna ask you to do one more thing, because I know, we're here in the Michigan, you know, we pretty familiar with, I asked you a question I should have probably explained to more. Tier one. I think we have a lot of guests that might not be as familiar with

the automotive industry, can you just kind of explain the sort of three tiers and the OEMs?

**D** Doug Del Grosso / Ron Hall 08:18

I think the most simplest way to do it, when I think of a Tier one, it means that they have the direct contract with the automaker. And so there's not tiered contracts that exist. So if you go to Tier two, in our case, many times that is a component supplier that we in turn source, but the contract for the complete seat that just-in-time delivery, is the relationship that exists between us and the automaker. Now you can expand what Tier one means different levels of service that we provide, but I think in its most basic form, that's that's how one should think about it.

**E** Ed Clemente 09:05

Yeah, cuz I know, the automotive industry has its own unique ecosystem. And it doesn't always translate to other industries, necessarily, because, I mean, how many parts are in a car? It's like, I don't 1000s right?

**D** Doug Del Grosso / Ron Hall 09:18

It's incredible, in a seat system, there's probably, you know, 500 parts, just in a seating system alone, when you look at some of the, you know, vehicles when it's an SUV with multiple rows of seats. So they're pretty complex modules in and of themselves, let alone a complete vehicle.

**E** Ed Clemente 09:37

And so, you know, as we walk through this, maybe you could explain and maybe Ron can follow up, but joint ventures, sort of, we sort of know what they mean, but what is it sort of really mean for like financing structure or like, is there other things that are more nuanced to the joint venture? Because you like I think Ron said there are pretty commonplace now.

**D** Doug Del Grosso / Ron Hall 10:02

Well, I think there are different ways to do it. But at bottom, it means that you've got multiple partners that own an interest in a separate entity. And I think there are lots of ways to go about, you know, how you want to handle governance and operation and financing structure, but at the end of the day, you have, you know, Partner A and Partner B, and maybe more partners than that, you know, who own an equity stake in company Z. And, and operate that company together in some fashion. If I were to maybe just add to that, the way I look at joint ventures, if I separate how they're legally and financially structured, you know, successful joint ventures are usually, you know, two parties that have, you know, different attributes or skills that they can bring that, you know, collectively provide a better entity than they would independently. And that's how I think about this. We we're a global seating company, we bring a lot of expertise, from product knowledge standpoint, and design and development. I think, you know, Ron and his team bring a manufacturing knowledge, certainly we have

manufacturing knowledge, but in this case, you know, it's a unique level of manufacturing knowledge. And collectively, you know, we we provide an avenue for our customers, you know, to, to source business to, you know, a minority owned venture. And I think that brings, you know, its own unique set of value, and benefit to our customers. So that's how I think about it. What makes this thing work is, is we don't really have conflicting interests, we really align and support each other to bring real value to our customer.

A

Announcer 12:10

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E

Ed Clemente 12:27

Is there going to be more, kind of put on your future caps a little bit, but is collaboration sort of more the future of the automotive industry? Obviously, we just went through a lot of supply chain logistics challenges, still having some issues, you know, with semiconductors? And you know, so how do you both separately maybe see sort of the future different types of like, ways this might go for the automotive industry?

D

Doug Del Grosso / Ron Hall 12:54

Sure, you want to go first Ron or do you want me to go? Have at it, I'll follow. Yeah, sure. You know, for the, for the sake of this conversation, I'll keep it, you know, focused on the seating business. As we look out into the future, on the seating business, we see quite a bit of change out there. Obviously, with the, you know, the growth of electric vehicles that is more than just a prediction, it's reality that we're experiencing, it's a global phenomenon. When we think about some of the technology development on autonomous vehicles, maybe not full autonomous vehicles, but certainly level three / four autonomous, we're seeing our customers having to reallocate resources to those technologies, and away from some of the traditional components in a vehicle because they've got limited capacity from an engineering perspective, from a cost perspective, they can only do so many things. So as this technology becomes more mainstream, it requires considerable amount of focus on the part of our customers. What we do are not directly influencing electric vehicles, but what we have the ability to do is to do that complete design development work that our customers are sometimes doing and provide them, you know, what's commonly referred to as kind of a black box product to them, that requires very little attention on their part. They can do some basic styling if they want, but we can really become a more integrated partner and quite frankly, if you go back 30 years, that was kind of how the seating business operated. And there was a heavy reliance on the supplier. That's changed over the years but now as I see electrification becoming more mainstream, we're seeing our customers really relying heavily on us to do, you know, kind of the full scope of work, in addition to providing the product. Yeah, yeah, I was nearing the first, the end of my first decade in the industry, when the pendulum that Doug just described, began to swing back a little bit. And we went from a world where you'd get a purchase order for a complete seat system, and you'd be, you know, allowed to do the engineering and the design for the most part on your own. You know, within some customer expectations, you'd have a whole lot of say,

over who built your components, and so forth, to a world where a lot of that became directed by customers. And I would say, at the tail end of the Great Recession timeframe, into the 2000s. And I remember the the folks who were senior to me at the time, many of whom have retired now, which kind of makes me laugh at myself saying, Oh, this, this pendulum swings in in a decade or 15 years, they'll be back, because they'll find that this is hard, and they won't be able to do it as efficiently and as well as we do it. And sure enough to Doug's point, I think that, you know, in part accelerated by this revolution into electric vehicles, we're starting to see some of that come back. And I think that's going to be a good thing for both our firms over the next decade.

**E** Ed Clemente 16:28

Which also ties maybe to another question, I should have thought about asking you both. But obviously, we could give like, maybe not a snapshot, but you know, the challenge sort of talent and employees? Is that, how do you think that's gonna go in the future with the mix of automation or industry 4.0 and those kinds of things?

**D** Doug Del Grosso / Ron Hall 16:48

Well, I think that a lot of the value that customers look for, from Bridgewater Interiors is that, you know, we are operating in communities with disproportionately high numbers of disenfranchised persons, racial minority persons, higher unemployment rates, etc. And we're coming into these communities and providing very good stable jobs. And I think that one of the advantages that we have going forward is that there's going to continue to be a demand for that, you know, there will be more automation in our part of the industry. But seat building is still a very labor intensive part of the business. That was why automakers separated seating from their internal operations many decades ago. And I think that, you know, by kind of keeping our axe to the grindstone and making sure that we are excellent people managers, excellent trainers, and so forth, that there's going to be, you know, space for us over time as things evolve. Because we're still a long, long way, I think from, you know, the day when you're going to have all robots making your car seats.

**E** Ed Clemente 18:11

Interesting. Go ahead, Doug.

**D** Doug Del Grosso / Ron Hall 18:13

I think that's a great perspective, I was going to just add a little bit to it. I mean, if you think about a seating plant, the plant we have in Warren, Michigan, for example, at last count Ron, you can correct me but there's well over 1,000 people operating in that facility. And to his point, it is a very labor intense product that we build. It requires a high level of expertise on how to produce it. Aesthetically, you know, to meet our customer specifications, and it's, it's a large product so our facilities are in relatively close location to our customers. We're building essentially live to their vehicle built shipping about every two hours into their plant so it's a very sequenced supply chain that we provide them, so it's really a unique. I think they'll always

be levels of automation, there continues to be level automation. I've been in this business, you know, close to 40 years, it's far different how we assembled today, but it still requires a lot of a lot of employees to put it together. So I think we're you know, very relevant in in the conversation from an employment standpoint for the not only the near term, but longer term as well.

**E** Ed Clemente 19:48

Which also maybe don't feel obligated to answer this question but has any of like the experience with the pandemic changed anything and your your guys industries for just-in-time for example, or just the logistics. Is that something where you got to be more onshore, you know, like, as those things affected you too?

**D** Doug Del Grosso / Ron Hall 20:09

Well, the pandemic certainly changed a lot of things. And I can, I can think back to the early days Ron when we really had some very serious situations in our plant, and, you know, to the point where we had to go in and, you know, shut our customers down, because we had an outbreak that we had to get under control. One of the things I was particularly proud of, during that time, is I really felt, you know, I can look anyone in their eyes and say, you know, we put the health and safety of the employees at the top of the priority list. I don't think we ever at any time were, you know, sacrificing that health and safety. So it was really challenging. There is a lot that whether it's the pandemic or just geopolitical that has changed the way supply chains work for not only our customers, but even within the seating business. So there is a lot of reshoring of product. I think that's, you know, a positive thing for the regions that are receiving that work and t's certainly the case in the seating business. I know we're a little short on time. But I do want to share one anecdote about that. So if you go back to the beginning of the pandemic, there was about a week in March of 2020, where we just didn't know what we didn't know, right? The whole world was finding out how serious this thing was, how business was going to have to shut down. And there were a couple of days right before the shutdown there that were, frankly, you know, nervous times inside our facilities. And that was when I learned that this partnership under the Adient leadership team was solid and was going to be okay. Because, you know, as I've commented separately, you know, I haven't ever been physically afraid for my safety at my job, since I was an Army Officer in Kuwait, back in the early 90s. And the second time that happened was in those initial days of the pandemic, as we tried to figure out, you know, what was what? And when I raised my hand and said, hey, I don't think we're going to be able to do this, I think we're going to need to go down. I will tell you, I, it was I wrestled with the decision because, you know, at that point, we were about maybe a year into the relationship with the current leader team at Adient. And I didn't know what I was going to get, right? Here I am their business partner, and you never want to be the first one to raise your hand and say, I gotta shut down. They were beyond supportive. And looked at the data, heard what was going on in my plants, and said, absolutely, we need to do this. And if anything, they push, they accelerated me into it, by helping me work through the data, had a very careful conversation with the first impacted customer, which which by the way, was also very supportive. And again, in this business, you just don't know. Because, you know, thou shalt not shut the lines down is about the closest thing to a holy grail there is in the automotive business. And so I think that's just a snapshot on why Bridgewater Interiors is here after 25 years, and so many of these other joint ventures that Doug referenced earlier are not.

E

Ed Clemente 23:57

You know, two things. One is that it shows you because you really when you're doing more labor intensive, what really is an essential worker more so like, you know, your staff couldn't go home and do their jobs, right, like an office job, or like I'm doing right now I'm working out of my home. I guess that was even more accelerated for, like I said, the labor intensive. The second point I wanted to mention is first of all, thank you, Ron, for your service obviously. My nephew fought in the Persian Gulf War to appreciate what you guys did over there and with the, you know, military, you went to West Point and you know, so it's just great that that you guys are you know, a veteran and I'm hopefully I think you guys probably have a good Veteran Program. I know that's usually most of the automotive industries, have good veteran, hire vets and all those things. But I just want to make sure that was on record first before you guys probably get to last two questions. [Thank you, I appreciate that.] So the last sort of questions are, you guys can do them separately, we'll let Doug go first. What advice, because you've been in the industry a little while, like me? What advice would you give your 17 year old self today if you're looking for a career?

D

Doug Del Grosso / Ron Hall 25:15

Yeah. You know, certainly there's always, you know, the, you know, put your head down work hard, you know, earn the respect of your colleagues, that will greatly assist you to be successful. But to me, the one thing that when I think back on why I enjoyed my career in the automotive business is, I really like, the products that I work on. I'm a car enthusiast. I was when I was a kid, you know, kind of a classic Detroit born kid grew up working on vehicles. And it's actually the advice that we gave my son, I just had kind of that Father Son talk to him not too long ago, you know, just reminding him that if you're not doing something that you really enjoy, chances are, it's not, you're not going to be very successful at it. So I would, you know, continue to, you know, beyond the basics, just, you know, tell my 17 year old self or my 24 year old son that, you know, just just make sure you're doing something that you really can engage and appreciate. Because chances are, you're going to be doing it for a while. And if you don't like it, probably not going to be all that enjoyable.

E

Ed Clemente 26:41

Solid advice, Ron?

D

Doug Del Grosso / Ron Hall 26:44

I think I would tell my younger self, don't be so sure about these things you're so certain about now. You know, be, learn to be more open minded, learn to listen more. And I remember my grandfather telling me, you know, boy, nobody ever learned anything by talking. I don't know that I internalized that as early as I should have. But I would go back and say something along those lines to my younger self. You know, I'm born and raised in Detroit, educated in the public schools proud, very proud of that, you know, as Doug is of his background. I was absolutely positive about just two things. You know, when I graduated high school, number one, I wasn't coming back to Detroit and number two, I'd never worked in the automotive industry. And here



I am 35 years later, doing both and happily so. You know, I could I could, you know, list a few other things that I was pretty sure about back then, that have turned out to be, you know, completely different from what's you know, happened in this, you know, very wonderful, blessed life I've been privileged to lead so far live so far. So, you know, don't be too sure. You know, keep your eyes open, keep your opportunities open. Be thoughtful at each juncture. As you make big decisions, and when you make your big decisions. Don't look back, you know, the door you went through is the right door. You gotta make it the right door. Yeah, no, I know the 'what if' world can drive people insane if you're not careful. The last question you get to do a short answer for but what is either your favorite spot in Michigan that you'd like to go to? Or favorite event? Doug you can go first. Let's see favorite spot. Well, I would have to say, you know, Northern Michigan is definitely near and dear to my heart. My parents lived there. spent, you know, all the major holidays there with them. And continues to have a soft spot in my heart for for that location.

**E** Ed Clemente 29:06

Yeah, no, I don't blame you keeping it a secret too, that's good. Ron, go ahead.

**D** Doug Del Grosso / Ron Hall 29:11

I'm a hometown guy. I'd say you know, Midtown or downtown Detroit these days is a really exciting place. There's just so much going on. eEvents and venues and restaurants. I was on a board meeting call yesterday were you know, execs in another industry were just marveling at all the activity going on even you know today, as you know, we head into the cold season. And the region continues to bounce back from the pandemic. I worked downtown in the Renaissance Center at a law firm out of law school in the late 90s and I think about what downtown was then compared to what it is now, no comparison. So it's hard to top, but if I had to get more specific, I'm a huge NFL fan. I'm a diehard Lions fan. I was I was at the Silverdome for the Jets game and we put the Jets out of the playoffs and Barry Sanders went over 2000 yards. And so I would say at a Lions game where something really exciting is happening, I play off kind of football environment and things are going well for the Lions. That's a really hard environment to beat, that will be my choice.

**E** Ed Clemente 30:30

Well, I agree with both your choices. I've done both of each and I appreciate first of all, both you guys for doing this Ron Hall again, President and CEO of Bridgewater Interiors, and Doug Del Grosso, who is the President and CEO of Adient. Thanks again, both of you, for taking the time to do this today.

**D** Doug Del Grosso / Ron Hall 30:46

Great, thank you. Appreciate it. Thanks. Appreciate Ed, thank you.

**A** Announcer 31:00



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