



GFM

Inter Office

Ford Automotive Operations
Production Purchasing
Chassis Commodity Management
QMP/Mail Drop 665

April 4, 1996

To: Ms. L. A. Klein
Ms. M. H. Machacek
Mr. M. A. Schuett

cc: Mr. B. K. Chance
Mr. G. F. Hagan
Mr. R. E. Veres

From: C. J. Hole

Subject: Potential Cost Reductions on Tires

Background

The Chassis department has identified uncompetitive prices on 5 fitments sourced with Goodyear. We have challenged Goodyear to become price competitive on these tires.

Goodyear responded by proposing engineering changes in the tire constructions which would enable them to reduce prices to a competitive level. Incorporating the changes would result in a 1996 CY savings of \$.5 - \$.7 million. Goodyear has high confidence in the proposals and anticipates the revised constructions will have little or no effect on customer satisfaction. The proposed changes have also been reviewed with AVT who recommends that they be pursued. As a Full Service Supplier, Goodyear has requested to self-certify and implement the proposals by August 1, 1996. A financial summary and technical descriptions of the proposals are attached.

Action Requested

We are requesting your support in the VC's to raise the issues to the necessary management level so that the proposals will be quickly reviewed and determined whether Goodyear may self-certify the changes. Alternatively, if a Ford engineering program is necessary, identification of responsibility for incorporation (VC or PVT) and expedited review is requested.

Attachments

BAAZ 0847