

# Conclusion

## **HONDA'S LONG-TERM CONTRIBUTION TO OHIO IS MEASURABLE, SUBSTANTIAL AND UNAMBIGUOUSLY BENEFICIAL**

Honda Motor Company came to the United States – and Ohio – in 1977 with its announcement of plans to construct a motorcycle assembly plant near Marysville. It began producing motorcycles in 1979 with 64 associates.

As this Study details, today Honda's investment in Ohio approaches \$6.1 billion and its operations employ more than 16,000 Ohioans. The scope of its operations includes full-scale motor vehicle and drive train manufacturing and production engineering, a significant R&D center, and hub operations that lead and support such essential functions as North American procurement, logistics and quality. The economic impact is amply demonstrated in Chapters 1 – 3. Likewise, the return on the investment made by the State of Ohio is made clear in Chapter 4.

This Study began by posing three questions:

- What has been the economic impact of Honda's establishing manufacturing, production engineering, research and development, purchasing and related operations in Ohio?
- Was the investment by the State of Ohio in attracting Honda to locate and grow its principal operations in the state a sound investment?
- Is Honda making a long-term contribution to Ohio and its economy?

By any and all of the measures and findings that have been studied, calculated and presented, it can be concluded that over the first twenty-five years:

- Honda's economic impact in Ohio is significant and substantial through the scope and intensity of its operations, its strong Ohio supplier network and its record of long-term employment stability.
- The investment by the State of Ohio not only was sound, but a prudent use of taxpayer dollars, which continues to pay substantial dividends year after year.
- Clearly, Honda has made and continues to make a long-term contribution to Ohio and its communities.

The information and data compiled in this Study also provide insight as to what the next twenty-five years will hold for Honda and Ohio. Two fundamental observations have emerged and they are discussed below:

## **HONDA IN OHIO WILL CONTINUE TO BE A HONDA MOTOR CO. GLOBAL PARTNER AND NORTH AMERICAN OPERATIONS HUB**

The culmination of Honda's 25 year investment in Ohio is a comprehensive hub of operations that now provides manufacturing, engineering and logistical support to Honda's expansive North American operations. Heading into 2004, Honda's initial \$30 million investment in a single plant has grown by design into a leadership network for the company's more than \$7 billion operations in North America. In the vernacular of the company, Ohio has been designated as the "E-function" (for engineering and manufacturing) leader in the North American region.

The implications of this for Ohio are profound and positive. Honda produces vehicles that it exports to nearly 50 countries. Honda and its Ohio suppliers produce parts that are exported throughout the North American region and across the world. As Honda continues to develop new products and new markets, the benefits in terms of manufacturing, engineering, research and development and logistics will accrue in Ohio.

Indeed, Honda in Ohio is a global partner for Honda Motor Company:



### **HONDA’S STRATEGY OF FLEXIBILITY HAS POSITIONED IT FOR SUSTAINED PRODUCTIVITY**

Honda began its investment in Ohio with a decade in which it followed a strategy of constructing and expanding manufacturing plants. After the 1989 opening of the East Liberty auto plant, Honda’s strategy evolved from construction and expansion of production facilities to continuous improvement, renovation and reconfiguration of the existing facilities into an agile, flexible and nimble manufacturing system. This strategy was in marked contrast to the prevailing wisdom in the U.S. auto industry which had been predicated upon factories that were dedicated to a single product line and would need to be shut down and completely retooled in order to produce a different vehicle.

Honda's emphasis on manufacturing flexibility has the following advantages<sup>50</sup>.

1. Manufacturing plants will be continually refreshed and renovated for new uses, rather than dedicated to a single use and then retired (or abandoned).
2. Retooling for new models, a process formerly measured in months of plant shutdowns (and millions of lost revenues), is organized and managed so that as production of the current model ends, the next generation model follows immediately down the assembly line.
3. Flexible manufacturing of the type found in the East Liberty plant (the first to produce a car (the Civic) and a light truck (the Element) interchangeably on the same assembly line) allows Honda to respond adroitly to changes in market demand for vehicles.
4. Ultimately, flexible manufacturing processes will allow Honda to build virtually any combination of vehicles in a single factory, without regard to size or body style. This will extend the useful life of plants far into the future, extending with it the positive economic impact on the surrounding area.

As of the beginning of 2004, Honda's emphasis on manufacturing flexibility has enabled the company to continue to sustain production and employment through two recessionary periods in the national economy.

This Study has amply documented the substantial positive impact on the Ohio economy that Honda has had over the company's first 25 years. The emphasis on flexibility in manufacturing and constant reconfiguration of existing plant space, along with the designation of Ohio as Honda's North American "E-function" hub, suggests that this positive impact, for both Ohio and Honda, will be sustained over the next 25 years as well.

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<sup>50</sup> See the article, "Yes, Assembly Lines Can Mix Apples and Oranges", Micheline Maynard, New York Times, August 17, 2003.