

# Review



Stephen N. Gaiski, *MAKING IT RIGHT: Why your car payments are lasting longer than your factory paint job*, published by Zester Corporation, ©2009

Review by James O'Toole, co-author, *Good Business: Exercising Effective and Ethical Leadership*

Stephen Gaiski's *MAKING IT RIGHT* is a cautionary tale about what happens when corporations lose sight of the critical importance of accountability in their internal management processes. Gaiski usefully documents how manufacturers of cars made in America in the mid-1990s began blithely to outsource the full process of painting their new cars to the paint industry, including--and here is the problem-- the evaluation of the paint companies' own work. (It is only a slight stretch to say this is tantamount to farmers assigning foxes to guard hen houses, or teachers delegating the responsibility for grading to their student).

The net result has been (surprise!) a marked increase in the number of relatively new cars with noticeable paint blisters, chips, cracks, flakes, and subsequent body rust. On the positive side, of course, automakers over the years have saved tons of money by outsourcing painting, and paint companies have pocketed lots more by skimping on the amount or layers of paint applied, and on the costly step of independent verification of quality standards. Shareholders in both industries thus benefited, as did executives who could claim responsibility for effective cost cutting (there is also a possibility some of the savings were passed on to customers by way of lower sticker prices—but if so, customers were not informed that they were trading off a slightly lower initial price for expensive repaint jobs later). All told, in economic terms new car and truck customers have ended up subsidizing industry executives and shareowners (which includes, ironically in the cases of GM and Chrysler, American taxpayers who bailed out, and thus “owned,” large shares of those companies).

In stepped Gaiski and his colleagues in 2008 with raft of scientific measurements and technical data about what was happening to the paint jobs of late-model cars and trucks. They were neither whistleblowers nor Naderite consumerist radicals—instead, they privately presented the data to the car makers (and paint manufacturers) with the helpful intention of calling attention to a quality problem likely to hurt the reputations of those companies in the long haul. They were ignored. Eventually, they proposed that the industries set their own objective scientific standards for paint quality and durability, along with providing “Truth in Finishing” disclosures on all their new vehicles. You guessed it: again no response from either industry. Finally, Gaiski and his associates went public with this book.

Perhaps the auto and paint industries have taken note of the warnings and since have quietly addressed the issues Gaiski raises, but discovering if that has happened is next to impossible (companies typically are not transparent about such potentially litigious matters). And this reviewer has no easy way of verifying Gaiski's claims (he serves as Technical Director of Zester Corporation, a private auto paint durability research lab and is thus, presumably, an industry insider and expert on the issue.) All I know is that he has sent me an impressive stack of data and other materials to support his claims and, lacking evidence to the contrary, I'm willing to go with the data.

So here's how I come out: Given the truly impressive job the American auto industry (particularly GM and Ford) have done in improving the general quality of their products over the last decade or so, it is hard to imagine how they could have slipped up like this. But if the recent Toyota quality problems demonstrate nothing else, they show that success breeds self-satisfaction, and continual high performance demands constant vigilance. Finally, it is a sad commentary on the state of American business when companies refuse to be self-regulating (perhaps with the help of independent outside certification), all-the-while spending precious executive time and shareholder money fighting lawsuits and lobbying against the more stringent standards they invite from government as the result of their own unwillingness to set their houses in order. Read Gaiski and weep.

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