WHITE PAPER
SAE Detroit Section
Global Leadership Conference (GLC)
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ABOUT THE GLC

The Global Leadership Conference (GLC) is hosted by the SAE Detroit Section, an SAE International Section. Now in its 75th year, the GLC is an invitation-only, two-day gathering of top executives in the automotive industry, held at the historic Greenbrier Resort in West Virginia.

Its strict off-the-record format allows for candid discussions among automakers, suppliers, policymakers, investors, and analysts. Though little known outside the industry, the GLC consistently produces some of the most consequential conversations in automotive leadership.

This white paper captures the collective voice of those discussions, not as a summary, but as a call to action for the industry and its policymakers.

We have reached a turning point. The automotive industry cannot afford half-measures or incremental fixes. It is time for a complete rethinking of how we operate, compete, and lead.

At the 75th SAE Detroit Section Global Leadership Conference (GLC), we, the industry's leaders, innovators, and builders, spoke with one voice: our current models are no longer enough. To stay competitive, we must confront hard truths, rethink supply chains shaped by tariffs and geopolitics, compete head-on with China's acceleration, cut costs through smarter design and manufacturing, and deploy AI to transform operations from the ground up. Above all, we must confront the talent crisis with the same urgency we bring to technology and production. Importantly, we must assure that changes in one of these areas work symbiotically with all of the others.

This transformation will not be easy. It will upend systems that have defined our industry for nearly a century, challenge entrenched practices, and test the limits of legacy structures. Yet the opportunity is undeniable: to rebuild an industry that is leaner, faster, more resilient, and more profitable.

We are not calling for evolution. We are calling for reinvention. The time to act is now.

DEALING WITH THE TARIFFS AND REGULATIONS

Tariffs remain one of the most disruptive forces facing the global automotive industry. Their impact spans every tier of the value chain, from raw materials and components to final vehicle pricing. Navigating this volatility requires not reaction, but readiness.

The current U.S. administration has made its position clear: globalism has failed, and trade policy is being reshaped to prioritize U.S. manufacturing and reduce the trade deficit. This approach is unapologetically direct, transactional, data-driven, and focused on outcomes. It rewards companies that can position themselves as contributors to U.S. economic strength, especially those expanding domestic production and exports.

Tariffs have been applied under multiple authorities, including Section 232 of the Trade Expansion Act and the International Emergency Economic Powers Act, creating uncertainty in both legality and longevity. Even pending judicial review will not eliminate the pressure. And the administration retains tools such as Section 122 to maintain tariffs as leverage. Companies must plan for a sustained, unpredictable tariff landscape, not a temporary one.

To mitigate these effects, automakers and suppliers are forming cross-functional, cross-border teams to evaluate tariff impacts in real time. Their findings are being integrated earlier in product development to minimize downstream disruptions, an operational agility that is becoming a competitive advantage.

The upcoming U.S.-Mexico-Canada Agreement (USMCA) renegotiation will define the next phase of regional manufacturing. The administration is expected to favor bilateral, not trilateral, talks, negotiating separately with Canada and Mexico. Engagement is essential. Automakers and suppliers must actively brief policymakers on how the current framework supports investment, job creation, and duty-free access to materials and components.

When dealing with policymakers, collaboration and data matter more than rhetoric. Show how your operations reduce trade deficits, expand exports, and create U.S. jobs. These are the metrics that drive decisions.

Not every cost burden can be avoided, and in some cases, paying the tariff will remain more economical than re-shoring production. The challenge for industry leaders is to distinguish between short-term costs and long-term strategic resilience, and act accordingly.

Along with tariff and trade policy, political shifts are causing dramatic instability in the regulatory environment. Massive investments driven by government incentives ignored the will of the market and are now being analyzed with a sense of regret. The tremendous capital burn that took place when capital was hard to come by is now devastating the entire industry. At the GLC a common message to regulators was: “please, let automakers be automakers and meet the needs of the consumer”, and do not make sudden shifts in policy that are not based on the consumer, but instead on political agendas. Again, we need a national policy that is collaborative and a partnership between industry and policy makers.

COMPETING WITH CHINA

Competing with China is both the industry's greatest challenge and its most powerful learning opportunity. We must study China's speed, understand its strategy, and defend our markets and technology with equal precision.

What We Must Learn from China

- **Speed to Market:** Chinese OEMs move from concept to production in half the time of Western counterparts.
- **Simplification:** Programs operate with a fraction of the engineering specifications, cutting complexity, R&D costs, and decision bottlenecks.
- **Executive Alignment:** Leaders stay close to operations, making decisions in days, not months, through direct CEO-to-CEO collaboration.

What China Is Doing

- **Taking Market Share:** Expanding global exports without regard to the economic consequences for U.S. industry and labor.
- **Acting Predatory on IP:** Leveraging loose enforcement to absorb Western technology and design innovation.
- **Weaponizing Supply Chains:** Controlling choke points in batteries, semiconductors, and materials to exert political and economic leverage.

Takeaways

China's advantage is structural, built on speed, scale, and state alignment. Our strength is creative collaboration and trust-based innovation. The lesson is not to mimic China but to adopt its operational discipline while protecting intellectual property and maintaining ethical leadership.

Another key takeaway: supply chain mapping is no longer optional. After the 2011 tsunami, the industry promised full visibility down to Tier 4 suppliers but never delivered. Now, every OEM sends its own forms to suppliers requesting the same data. The GLC calls for a standardized, industry-wide supply chain mapping system, supported by trade groups, to eliminate redundancy, enhance transparency, and strengthen resilience.

China is a formidable opponent that aims to dominate the global industry. Legacy automakers must respond strongly, by streamlining our own processes, acting collectively, and protecting what is ours. It is the only way to match China's pace and surpass it.

DESIGNING COST OUT OF CAR

The industry faces a mounting affordability crisis. Vehicle prices have outpaced household incomes, pricing millions of consumers out of the market. The solution lies not in squeezing suppliers but in designing cost out of the product itself.

The root cause is structural: the legacy organization. Traditional automakers operate in silos – design, engineering, manufacturing, and purchasing – each with its own systems, facilities, and incentives. These separations slow decisions, increase rework, and multiply overhead.

Co-located, cross-functional teams offer a path forward. Bringing designers, engineers, and buyers together from concept through production speeds decisions and reduces waste. Startups thrive because they were born this way. Legacy companies must deliberately build this integration.

Some automakers have launched startup-style innovation hubs to accelerate change. The true challenge, however, is sustaining that mindset when teams return to the corporate core. The test for legacy organizations is not whether they can innovate in isolation, but whether they can institutionalize innovation.

Earlier supplier involvement is essential. Suppliers must be engaged at the concept stage, not after design freeze. This drives innovation and cost efficiency across the program lifecycle.

Equally, bloated specifications have become a hidden cost driver. Over-engineering creates expenses without value. This is becoming a recognized problem for the industry, and more effort is needed. Automakers should benchmark against the world’s most agile competitors, using AI-driven tools to rationalize requirements and simplify programs.

Finally, the industry must rethink capital efficiency. Decades of duplicative R&D and component development have wasted billions. Shared engineering, standardization, and cooperative investment can free massive resources for electrification, software, and next-generation mobility.

The message from GLC: collaborate now or pay later. Companies that simplify, integrate, and design smarter will define the new era of affordable mobility.

USING AI IN OPERATIONS

Artificial intelligence is reshaping every function of the automotive enterprise: production, logistics, design, procurement, and talent. AI is the most powerful lever for productivity in a generation, but only if deployed with precision and governance.

Most companies are experimenting with AI pilots, yet few have achieved enterprise-wide transformation. The problem is not technology; it is data. Siloed data systems limit insight. AI only creates value when it unifies information across the enterprise and turns it into action.

Poor data yields poor results. Leaders must invest in data governance and ontology, defining what data means, ensuring accuracy, and treating it as a strategic asset. Senior executives cannot delegate this. Every AI initiative must begin with a defined ROI and a clear vision of success.

Scaling should be measured and deliberate, building maturity in stages like the SAE's levels of autonomy. Each phase must strengthen both technical capability and organizational confidence.

AI's narrative must focus on empowerment, not elimination. The goal is to elevate people, automate the tedious, and enhance decision-making, not replace the workforce.

The risks are real: bias, hallucination, and overfitting. The safeguard is diverse, with multiple models cross-checking outputs before action is taken.

AI is also revolutionizing vehicle design. What once took 12 months can now be iterated in three. The next frontier is aligning design and production timelines so that products reach the market while designs are still fresh.

AI will not just enhance operations. It will redefine them. The winners will pair disciplined data management with human creativity to turn AI from an experiment into a strategic engine for the enterprise.

WHO'S GOING TO WORK IN THE FACTORIES?

The Administration's push to rebuild U.S. manufacturing raises a deeper challenge: who will do the work? The skilled trades shortage has become one of the most urgent threats to growth.

One way to address the talent acquisition challenge is to step away from conventional, reactive HR processes and instead apply logic and processes of supply chain, something the industry is exceedingly good at. Automakers plan their vehicles, plants, and suppliers years in advance. Workforce planning should be no different. Predictive hiring, workforce modeling, and talent logistics should be run with the same approach, and perhaps even by the same logistic teams, as material sourcing.

Retention is equally critical. High turnover drains billions in training and lost productivity. Manufacturers must deploy automation to remove undesirable work, freeing people to focus on higher-value, creative, and technical roles. Flexible scheduling and personalized job matching must become standard practice.

The workforce strategy must extend into education. Outreach must begin in grade schools, long before perceptions about "dirty factory work" take hold. The industry must partner with teachers, parents, and administrators to showcase modern, high-tech manufacturing environments, and the ability to apply creativity – not just routine tasks – to manufacturing.

Apprenticeships and co-op programs are expanding nationwide, offering effective bridges between classroom and career. But scale requires commitment: sponsorships, mentorships, and aligned curricula. Apprenticeships, not internships, will define the next generation of skilled workers.

Meanwhile, the education landscape is shifting. Families are turning away from expensive, politicized universities toward trade and technical schools. This is an opening the auto industry must seize. By aligning with vocational programs and investing in clear career pathways, the industry can restore manufacturing as a respected, aspirational profession.

Our ability to build the next generation of vehicles depends on our ability to build the next generation of workers. Treat people as strategically as parts, automate the work no one wants, and inspire the next wave of makers, builders, and engineers.

OPPORTUNITIES TO GROW

Despite near-term challenges, one of the largest profit opportunities remains untapped: the aftermarket and service economy.

In the U.S., franchised dealers generate about $1.2 trillion in revenue and $55 billion in profit, while independents generate the same revenue but $135 billion in profit. Capturing even a small share of that gap could transform OEM profitability.

Dealers at many automakers capture less than 40 percent of service business within the first three years of ownership. Raising that retention rate could double service-parts EBIT. Extending reach to second and third owners could double it again.

This is not a retail issue; it is a strategic imperative. Data, connectivity, predictive maintenance, and transparent digital service platforms can turn post-sale engagement into recurring revenue. The future profit engine of this industry lies not in selling more cars but in keeping customers, and their vehicles, connected to the brand for life.

CONCLUSIONS

The road ahead is not about what we can do. It is about what we must do. Survival in the decade ahead will depend on bold, coordinated action. Legacy thinking will not withstand global competition, regulatory volatility, or the speed of technological disruption.

The Electrification Reckoning

Full-swing electrification seen with hindsight has been a costly and collective misstep. It consumed massive capital and delivered modest returns, driven as much by political pressure and groupthink as by market reality. The lesson is clear: never again should regulation or herd mentality dictate industrial strategy. Electrification remains part of the future, but not the only future. Our next investments must be guided by clear-eyed strategy, infrastructure readiness, and consumer demand.

Industrial Policy Leadership

The United States still lacks a cohesive industrial policy. The automotive industry, as the nation's largest manufacturing sector, must lead in defining one. A business-friendly administration offers a rare window to do so. Tariffs are not policy; they are tools. Now is the time to advocate for a national strategy that supports domestic manufacturing, technological leadership, and supply chain security. It is not enough to just "wait it out." If we do not shape that policy, it will be shaped for us.

Regulation and Responsibility

Policymakers must let automakers be automakers. Excessive regulation stifles innovation and distracts from real consumer needs. Give this industry room to meet customer demand through engineering excellence, not political compliance.

A Call to Action

We must redesign the enterprise: eliminate inefficiencies, accelerate product cycles, and align leadership across the ecosystem. Collaboration across automakers, suppliers, tech firms, educators, and policymakers is no longer optional; it is the cost of survival. Boards must demand it. CEOs must deliver it.

The message from the 2025 GLC is unmistakable: the time for cautious evolution is over. Either we reinvent, or we risk hindering the delivery of personal and commercial mobility, the economic leverage it provides, and the commercial success for our industry.

SAE International and the Global Leadership Conference have a unique role to play in shaping this alignment, convening leaders, challenging assumptions, and holding the industry accountable for results. As such, the SAE Detroit Section will distribute this paper throughout the industry, collect feedback, and convene an industry leadership dinner meeting in early 2026 to further align industry actions with potential solutions to these issues.