



Warner Legal Corner

LEGAL TOPICS FOR THE AUTOMOTIVE INDUSTRY

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The Supply Chain Is In Distress – What Can You Do About It Right Now?

The supply chain is in serious distress like never before. Everyone outside the industry is now familiar with supply chain problems. But we in the automotive industry have known that the global “Just-in-Time” supply chain has always lived on the razor’s edge. Nowadays, we are dealing with a confluence of global events – raw material shortages, shipping bottlenecks and related cost increases, labor shortages, forecast and release fluctuations and serious inflation, to name a few. So, what can you do right now?

Carefully Analyze Your Contracts. Take a deep dive review of your key customer and supplier contracts to determine what legal options are available and explore them with legal counsel. Don’t assume you have none.

Be Persistent and Transparent. Once armed with the right legal arguments, aggressively pursue relief with your customers or respond to demands from your suppliers. Be transparent. If you’re losing money on a part, you should show it. Then, persistently press your positions and elevate them promptly within the other side’s organization, professionally yet aggressively.

Assess New Business Contracting Strategies. Many suppliers are dealing with one-sided customer contracts. The bad contract language should have been addressed, if possible, when it was executed. It can be very difficult to get a customer to modify certain terms; but it may be possible to guard against certain risks at the outset (e.g., develop detailed quotations, side-letter agreements or other contemporaneous writings). Address your biggest concerns, like volume or cost fluctuations, up front. Understand and plan for these risks and ensure your supply base has equal skin in the game.

With thoughtful and aggressive strategies, suppliers can survive and even thrive in this difficult environment.

For more information from Warner’s Automotive Industry Group, visit their [webpage](#) or log onto www.wnj.com.



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ATTORNEY SPOTLIGHT

Michael Brady



Warner Partner Michael Brady is an award-winning litigation attorney who represents automotive suppliers in contract negotiations and supply chain disputes. Michael has co-chaired Warner’s Automotive Industry Group for over a decade. He successfully represents clients throughout every stage of the litigation process in U.S. federal and state courts and in international matters.

Michael has spent over two decades helping suppliers navigate numerous difficult supply chain issues. More than just a litigator, Michael provides direction and counsel on today’s most prevalent concerns: labor and material shortages, raw materials cost increases, shipping issues, warranty and recall matters and challenging relationships with customers and suppliers. Michael was entrenched in all of these issues prior to COVID-19 hitting U.S. soil and continues to be a vital resource for clients in these matters.

When clients approach Michael with a question or a problem, they know he’ll do everything he can to make their lives easier and take the burden off their shoulders. He always strives to add value by gaining an in-depth understanding of his clients’ businesses and needs, and looks to apply a confluence of creative strategies and practical approaches to resolve their issues efficiently and effectively.

Michael has received numerous awards, notably his ongoing recognition by his peers as a “Super Lawyer” in *Michigan Super Lawyers* magazine. He is also honored among the *Best Lawyers in America*® and named a *DBusiness* Top Lawyer. Additionally, he frequently authors articles and speaks at conferences and seminars.

Checkout Michael’s full bio [here](#).

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