

# CEO Marchionne Drives Chrysler's Dramatic Turnaround

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With the global auto industry gathered in Detroit this week for the city's renowned auto show, Renee Montagne talks to Chrysler CEO Sergio Marchionne about his company's stunning turnaround, manufacturing overseas and a Chrysler IPO.

DAVID GREENE, HOST:

It's MORNING EDITION from NPR News. Good morning. I'm David Greene.

RENEE MONTAGNE, HOST:

And I'm Renee Montagne. Car makers from around the world are in Detroit this week at one of the most important industry events of the year. The Detroit Auto Show is the main stage for the auto industry's latest cars and technologies. This year American automakers are making their mark, none more dramatically than Chrysler.

A few years ago the smallest and most chronically troubled of the big three was near death. The government bailed it out. Italian car maker Fiat took control, and it's been using its global reach to bolster this American brand to a remarkable turnaround. In 2011, Chrysler paid off its billions in government loans and in today's Bottom Line In Business we hear from the man who gets much of the credit for Chrysler's surging sales. He's Italian-born CEO of Chrysler Sergio Marchionne. Welcome to the program.

SERGIO MARCHIONNE: It's a pleasure to be on.

MONTAGNE: After nearly three years of increases in sales do you feel even a little bit relaxed?

MARCHIONNE: No. The worst thing that we feel right now is the impending sense of complacency that might develop in the house and I think we're becoming even slightly more paranoid than we've historically been, which I think is a healthy thing.

MONTAGNE: I gather that when the Dodge Ram won Truck of the Year this week at the Detroit Auto Show, you cut short the celebrating.

MARCHIONNE: No, no. I think I did all the hugging and the hand slapping and all that stuff that needs to be done. But I think it was over. I mean we won it and I think we need to reap the benefits in the marketplace. I think it's all visible in terms of market share and how many units we sell.

MONTAGNE: Well, let me ask you, what specific vehicle are you most proud of over these last three years? Difficult years, one would think.

MARCHIONNE: There's a not a single doubt in my mind that the car that changed the conversation about Chrysler was the Grand Cherokee of 2010.

MONTAGNE: And why?

MARCHIONNE: Because it was unexpected. It was of a quality that nobody thought that Chrysler could produce. The one that we launched this week, the remake of the Grand Cherokee, is one step forward in the refinement of that car. But it started a process of commitment to quality and to excellence. The real answer to your question, I mean, if I look back at the last three and a half years the thing that I'm probably most proud of is the quality of the leadership team we've got in place here.

These are 20 kids that are just of phenomenal caliber.

MONTAGNE: When you first came to Chrysler what did you find there in the way of leadership?

MARCHIONNE: I had to go look for them because they were buried underneath the structure. And it's been my experience, by the way, whenever you run businesses that are dysfunctional, that **the real problem sits at the top. And so we changed all of the senior leadership of Chrysler within a matter of a couple of days.**

MONTAGNE: Going back in terms of actually making the cars, did you bring over certain practices from Fiat that were clearly different from what you found in Detroit and at Chrysler?

MARCHIONNE: Yeah. The manufacturing processes here have been completely revamped. Back in 2005 I introduced a thing - which I don't mind saying this. I mean, we stole it, at least in its basic form, from Toyota. It's called World Class Manufacturing. I mean, it's this pretentious title for something which really involves the revisiting of the manufacturing processes of dedication to the removal of waste.

And that really changed the way in which the workforce interfaces with the product. I mean, we worry about ergonomics. We worry about the unnecessary expenditure of physical labor to make things. One of the things that unfortunately happens in organizations that become dysfunctional is that the very first thing to go is the amount of care and attention that you place on the workplace and the environment within which people work.

And so even though we were bust and we'd come out of bankruptcy we spent a lot of time and a lot of money redoing the workplace because we had to make the place livable. And that was the thing that I think Fiat was responsible for because it pushed it.

MONTAGNE: We're talking about the Italian connection. Much of Chrysler's new appeal, in particular your marketing of late, has been the slogan "Imported from Detroit."

MARCHIONNE: Yeah.

MONTAGNE: Bringing back the glory of Detroit. Chrysler's factories are humming again. American workers are making American cars. So let me ask you. Does it make sense, looking forward, for Chrysler to produce in other countries as it does in China for the Chinese market?

MARCHIONNE: There's not a single doubt in my mind that the whole of Chrysler organization views itself as an American car producer. We are still here today because somebody took a hell of a gamble on us. And we're never going to forget this. The house knows this. We have made the decision that we're going to take some key products, such as the Wrangler and the Grand Cherokee, and protect those as being true American icons. Produce them in the U.S. and make them available nowhere else.

MARCHIONNE: And so every Wrangler that you see in the world gets produced in Toledo, Ohio. The Grand Cherokee's produced in Jefferson in downtown Detroit and it will continue to be made there and will be distributed globally.

I'm not going to replicate that facility anywhere else. That doesn't mean that in order for me to get stronger and better at what I do, I will not seize opportunities in other jurisdictions where it is simply impossible to use an American asset base to produce and effectively distribute in that jurisdiction. It's impossible to do that in China.

It's impossible to do that in Russia in an effective way. And there's nothing wrong with that. It will make us stronger at home.

MONTAGNE: There is talk, now, of Chrysler going public, selling shares so that you might say any American can invest in Chrysler's success. Is that something you would look forward to?

MARCHIONNE: What I really would like to do is to give an opportunity to America investors to buy shares in the combined Fiat/Chrysler. How that happens, I don't know, so give me some time. I need to figure it out.

MONTAGNE: All right. We'll check back with you. Thank you very much for joining us.

MARCHIONNE: Thank you.

MONTAGNE: Sergio Marchionne is the CEO of Chrysler and the CEO of Fiat - speaking to us from the big auto show now underway in Detroit.

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