

Passion, Performance, Personality, and People

An Interview with Thomas W. LaSorda, Chief Operating Officer,
Chrysler Group, DaimlerChrysler AG, Auburn Hill, Michigan



Thomas W. LaSorda

EDITORS' NOTE Whichever way you look at it, the automotive industry is "a competitive business," Chrysler Group COO Tom LaSorda readily admits, and one that often falls victim to the ebb and flow of global markets. Consequently, "different companies get into trouble at different points in time, depending on their own particular business lifecycles," LaSorda explains, noting that business at the Chrysler Group is now "on the upswing once again" after a period of internal "crisis." And, in LaSorda's opinion, the future of the company looks increasingly bright, thanks to a potent mix of visionary leadership, consistently high-quality product, and a drive "to take cost out of our materials and our operations." In leading with vision, the COO follows what he calls his "Four P's of Leadership:" passion for the job, top-notch performance, a charismatic personality, and a respect for people. As the son of a union man and a fourth-generation automotive employee, LaSorda contends that the last "P" is the most important. After all, he reflects, "you really are only as good as the people who work for you. So treat them with respect and dignity and they'll follow you."

With undergraduate degrees and an M.B.A. from the University of Windsor (Canada), Canadian-born LaSorda joined the General Motors Company in 1977, and spent the next two decades

building expertise in the automotive industry. In 2000 he was appointed senior vice president of powertrain manufacturing at the Chrysler Group, and proceeded to serve as executive vice president of manufacturing before assuming his current position in May 2004.

COMPANY BRIEF One of the world's three largest automakers, DaimlerChrysler AG was formed by the 1998 merger between America's Chrysler Corporation and Germany's Daimler-Benz. With its headquarters in Stuttgart, Germany, and the Chrysler Group based in metropolitan Detroit, the company produces about 4.3 million vehicles a year, under brands including Mercedes-Benz, smart, Chrysler, Dodge, Jeep®, and Freightliner. The corporation sold its stake in Hyundai Motor Company (10.5 percent), but it retains ownership in Mitsubishi Motors Corporation (stake reduced from 37 percent to below 25 percent as the result of the April 22, 2004 decision of the DaimlerChrysler board of management and the supervisory board of DaimlerChrysler), and EADS N.V. (European Aeronautic Defence and Space Company, 33 percent). With more than 362,000 employees worldwide, DaimlerChrysler (NYSE and Frankfurt: DCX) reported sales of \$171.5 billion and net income of \$562 million in 2003.

Toyota announced profits of \$10.2 billion for the last fiscal year, which is more than double the combined annual earnings of General Motors, Ford, and DaimlerChrysler. What is behind that success – Japanese technology and salesmanship?

Any company that makes that kind of money is performing at very good levels, and we certainly compliment them on their excellent performance. It wasn't too long ago that the Chrysler Group made a lot of money, and we are on the upswing once again. We made about \$1.3 billion in operating profit through the third quarter of 2004, which is an indication of how well we are doing. We know there are challenges ahead, but we think we will achieve

what we want to achieve, by maintaining the quality of our product and reducing costs.

You've already done quite a bit. You have reenergized the image of the brand, and Chrysler now has a group of very hot cars.

Yes, we're pretty happy with where we are right now. We believe that success starts with styling and product. Obviously, our challenge is to take cost out of our materials and our operations, and, in that regard, we just have to keep competing.

What was behind the positive changes at Chrysler? How did you get everyone mobilized?

I've been in the organization for about four and a half years, and four or five months after I got here, Dieter Zetsche and Wolfgang Bernhard came in from Germany. Sometimes it just takes a different set of eyes to look at an organization, and then rally everyone around a very clear vision of what needs to be done. At that time, the company was in crisis. In times of crisis – whether in an industry, a business, or a family – people rally together because they want to get out of it together. So we just established a clear vision of what we wanted and who was going to handle which areas of the business. One area was product development and design; others were material costs and manufacturing. And we all carried our load and worked as a very big strong team. That's how we mobilized everyone into action.

What's going to be the next great car from the Chrysler Group?

Well, we have a couple of models coming out later this year that we think will be fun. One is the Dodge Charger, and we're pretty excited about that. We've already shown it to some people and the response has been great. It's going to be a big success for us. And then we have the Jeep Commander. It's a Jeep with three rows of seats, which is what many people have been asking for on the retail side of the business. Jeep is one heck of a brand worldwide, and this is a vehicle people will get pretty excited about. Those are two of the big ones coming down the pipeline in 2005.

The Chrysler Group has elected



to reinvest in preexisting manufacturing plants, rather than build new ones. Is that just because it's cheaper?

It has more to do with the assets we have sitting there already, and the fact that we have a lot of great people working in those facilities, who have made a contribution to the company for decades. We should continue to have faith in them, just as they have faith in the company. So, as long as the investment also makes sense from a business perspective, we like to put our investment where we already have facilities.

Are you keeping most of the Chrysler plants stateside?

Not necessarily. At the moment, we are building in Canada, Mexico, Venezuela, the United States, of course, and even Germany, in collaboration with our partners. So either we're building the cars or somebody else is building them for us. We are always looking for new markets. Generally speaking, we would consider building in any region where we can also sell product.

Your competitors are very hot on China and India. What are your prospects for those regions?

I like to remind people that Chrysler had the first known automotive joint venture, the Beijing Jeep Corporation, with China more than 20 years ago. We've been there for a long time, and, as a result, we have a good relationship with China. We're building the Jeep Grand Cherokee there now, along with the old Cherokee and some Mitsubishi products. Over time, we'll be looking at what other products we can build in China. As for India, we're not looking at that country in the short term.

Can you reduce manufacturing costs without sacrificing quality?

One way to reduce manufacturing costs is to improve quality. If you don't need to rework or repair the product, costs automatically drop. Our primary focus is quality. That will lead to lower costs and, eventually, higher volume.

A lot of people say that the future of the automotive industry in the United States is bleak. Do you refute that assessment?

Yes, I do. I believe that success in any industry is all about vision. As a leader, you have to have the passion and the will to succeed, and then you need people behind you who want to see your vision become a reality. Many companies thrive

and grow, and that's what we hope to do. Granted, the automotive industry is quite cyclical, and different companies get into trouble at different points in time, depending on their own particular business lifecycles. It's a competitive business, there's no doubt about it. But, having said that, we know we're going to survive – and we need to survive. After all, we have some 100,000 people counting on us.

How do you lead?

I follow four principles, which I call my "Four P's of Leadership." The first is passion: passion for the job, for the company, and for your team. It comes from the heart and the gut, and people can see it in your face, the way you walk, and the way you talk to them. The second is performance. I'm big on ensuring that people always deliver top performance. I set stretch objectives, and I hold people accountable for the results.

The third principle is personality, by which I mean having a leadership style that makes people aspire to follow. In order to follow you into battle, people must genuinely respect you. And the last "P" is for people. No matter what you do, business is about people. That may be a bit of a cliché, but it is true. So it matters how you treat them, and how you nurture them so that they can grow. That's important to the success of any leader. You really are only as good as the people who work for you. So treat them with respect and dignity and they'll follow you.

What annoys or frustrates you the most?

My biggest frustration is the continuous onslaught of competitive forces. It's frustrating to take three steps forward, only to have to then take one step back. And, on a personal note, it's sometimes frustrating not to be able to spend as much time with my family as I would like.

What about the relationships the company has with governments around the world? Do those ever frustrate you?

We've been very fortunate in our relationships with governments around the world. We have great relationships in North America – in Canada, Michigan, Ohio, and other places where we do business, including Mexico. We have a huge impact on the economies of many of the countries where we do business. So gov-

ernments have an incentive to work with us and help us become more competitive. We treasure those relationships.

Many other executives must envy your position, because you have access to a playpen of cars you can use whenever you want. What do you do for fun? Drive?

Yes, I love driving cars, especially the hot ones we sell. I also love golf, and I like spending time with my family. I like traveling, but I don't get to do that as much as I used to in the old days.

How did you end up in the automotive industry?

My dad was president of the union at Chrysler in Windsor, Canada. He retired some time ago. And both my grandfathers worked at Chrysler's Windsor plant, as did my great grandfather, and my sister still works there. So my family has worked for Chrysler for four generations, and I think that's kind of neat. I have a union background myself, so I know quite a bit about the other side of the automotive business. I grew up in a family with nine kids. We lived in a home that was 950 square feet, so it was an interesting childhood. My family is very caring, and it was quite fun.

But, even with this background, I always wanted to pursue a career in management.

Did you learn a lot from the hardships you encountered while growing up?

Yes, of course. I believe that it's important for leaders to seek balance when they make decisions that change people's lives. You have to remember the impact certain business decisions will have on thousands of people and their families. You often see companies going bankrupt, and yet some of the top people walk out with lots of money. I always think there's something fundamentally flawed about that equation.

It certainly helps me take a balanced approach when I remember what it was like for my father to put food on the table every day and put clothes on nine kids. I don't think you can ever forget your roots. And if you ever forget that you're only as good as the people who are working in your organization, you risk becoming both an arrogant and ineffective leader. ●

The Dodge Charger returns to Dodge showrooms and NASCAR race tracks around the country this year.