

LEE IACCOCA

(The Person who Saved Chrysler from Bankruptcy)

Steve Krar

Lee Iacocca, the son of an Italian immigrant, was educated in Allentown, Pennsylvania and received a Mechanical Engineering degree from Lehigh University.

The Ford Years

He began a career the Ford Motor Company as an engineer but later switched career paths into the Product Development section where he rapidly rose in rank. Lee eventually rose spectacularly through the ranks of the Ford Motor Company and changed the American auto industry in the mid-60s by creating the Mustang, a car that sold an unbelievable 418,812 in its first year alone.

Iacocca was involved with the design of several successful Ford automobiles, most notably the Mustang and the Pinto. Eventually, he became the president of the Ford Motor Company, but he clashed with Henry Ford II and in 1978, was fired by Henry II, despite Ford posting a \$2 billion dollar profit for the year.

The Chrysler Years

After being fired at Ford, Lee was aggressively courted by the Chrysler Corporation, which was on the verge of going out of business because of recalls of the Chrysler F vehicles, the Dodge Aspen and Plymouth Volare). Iacocca joined Chrysler and began rebuilding the entire company from the ground up, laying off many workers, selling Chrysler's loss-making European division to Peugeot, and bringing in many former associates from Ford. As the Chief Executive Officer of the Chrysler Corporation, he transformed a dying company into a booming success by leading a fight for survival that has become almost legendary-and made his name a symbol of integrity that millions of Americans know and trust.

Iacocca started as Chrysler's chairman, and began a heavy restructuring of Chrysler. At the time Iacocca took over, Chrysler was on the verge of bankruptcy, as it was focusing most of its money on large, fuel thirsty cars that the public didn't want due to a fuel crisis at the time. First, Iacocca announced plant closures, job layoffs, and his plans for the company. His next move was cutting several large models, which were heavily unprofitable, and put the subcompact Dodge Omni and Plymouth Horizon into production. The Omni and Horizon became instant hits, selling over 300,000 units each their debut year, showing what was to come for Chrysler.

Government Loan

Realizing that the company would go out of business if it did not receive a significant amount of money to turn the company around, Iacocca approached the US Congress in 1979 and asked for a loan guarantee. While it is sometimes said that Congress lent Chrysler the money, it, in fact, only guaranteed the loans. Iacocca pointed to the government bail-outs of the airline and railroad industries, arguing that more jobs were at stake if Chrysler stopped operating.

Repaying the Loan

After receiving this reprieve, Chrysler released the first of the Chrysler K Car line, the Dodge Aries and Plymouth Reliant in 1981, compact automobiles based on design proposals that Ford had rejected during Iacocca's time there. Coming right after the oil crisis of the 1970s, these small, efficient and inexpensive, front-wheel drive cars sold rapidly. In addition, two years later Chrysler released the minivan and to this day, Chrysler leads the automobile industry in minivan sales. Because of these three cars, and the reforms Iacocca made, the company turned around quickly and was actually able to repay the government-backed loans seven years earlier than expected; most of it came from cars built on the K platform.

Iacocca was also responsible for Chrysler's acquisition of American Motors in 1987, which brought the profitable Jeep division under Chrysler's corporate umbrella. By this time, AMC had already finished most of the work with the Jeep Grand Cherokee, which Iacocca desperately wanted.

Lee Iacocca's Legend

He's an American legend, the tough-talking, straight-shooting businessman who brought Chrysler back from the brink of bankruptcy and in the process became a media celebrity and a newsmaker. He led an extraordinary life of survival and triumph to become a person who has come to represent not only one of this country's most powerful and successful executives, but the living picture of the American dream.

Now, in his own unique, hard-hitting style, Lee Iacocca offers a compelling and thought-provoking assessment of American business based on his own career at Ford and Chrysler - thoughts on the art of winning and losing; the relationship of unions and management; the role of advertising and marketing; and dynamic personal insights on running a company and succeeding in business in today's tough competitive climate.

In the same blunt and authoritative voice that declared: "If you can find a better car-buy it," Iacocca speaks out on what's wrong with the way America does business and why we're now

losing the game in world trade. Lee Iacocca believes that America can regain its world preeminence, for this is a man who loves his country, who heads the project to restore the Statue of Liberty and Ellis Island-symbols of the opportunity the United States offered his immigrant parents.

Lee Iacocca is involved writing another book on leadership in business and government, titled *Where Have All The Leaders Gone?* He closely works with the Iacocca Institute at Lehigh University focusing on global competitiveness.