

Chrysler Workers Wait For Answers From Italy

Tom Krishner, AP Auto Writer

DETROIT (AP) — At a Jeep factory in Toledo, Ohio, workers fear that Chrysler's new Italian management will scrap one of the two models they make, costing some of them their jobs.

The same anxiety is felt at Chrysler Group LLC plants around the country as Fiat SpA CEO Sergio Marchionne, who now controls the company, readies a new plan that will include cutting redundant models and adding smaller Fiats to the lineup.

A person briefed on Marchionne's plan says at least some details will be announced before or during the Frankfurt auto show in Germany, which begins Sept. 15. The person didn't want to be identified because plans are not final.

Marchionne has ordered U.S. executives to come up with model cuts so a particular car or truck is sold only under one of the company's three brands, Chrysler, Dodge or Jeep.

At the 2.1 million-square-foot Toledo North Jeep plant, which makes the Dodge Nitro and Jeep Liberty midsize sport utility vehicles, workers are worried that Marchionne will cut the slow-selling Nitro to focus on the Liberty.

"It's not a high volume of sales," said Dan Henneman, chairman of United Auto Workers Local 12, which represents the north plant's 1,100 hourly workers. "We know that for sure. We look at the orders daily for what we build at the plant."

So far this year, Chrysler has sold only 11,000 of the boxy Nitros, down 57 percent from the first seven months of 2008. The Liberty hasn't fared much better, selling only 26,579, or 41 percent fewer than last year.

Apprehension about job losses extends over the Ohio border to Kokomo, Ind., where Chrysler has a huge complex employing 1,800 hourly workers who make transmissions for much of its model lineup including the Nitro.

Mike Hunter, who repairs gauges on the plant's machinery, fears some Fiat transmissions will be used to replace the Chrysler transmissions he helps make, or that products like the Nitro could be cut.

Aaron Bragman, an auto industry analyst with IHS Global Insight, said it's important for Chrysler to pare redundant models as it tries to put all three brands in its remaining dealerships.

In addition to the Nitro, Chrysler could cut one of its minivans and one of its smallest offerings, possibly the Jeep Compass. One of the company's midsize cars, the Chrysler Sebring or the Dodge Avenger, also could go.

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"There has to be elimination. They do have too much product overlap," Bragman said. "Now that you've got all three brands in the same showroom, it's even more glaring."

Even before Chrysler entered and exited bankruptcy protection, Vice Chairman Jim Press said the company wanted to slim its model lineup.

Bragman said the company can save millions by eliminating separate tooling and parts numbers for duplicate models.

"They need to get their house in order as soon as possible," Bragman said.

Chrysler's sales are down 42 percent so far this year. The company lost \$8 billion last year and the federal government has allocated \$8 billion to keep it afloat until Fiat can bring in new products and turn the once-proud company around.

Chrysler and Fiat have said they will build Fiat subcompacts and compacts in North America, so it's likely whatever Chrysler sells in those categories will be replaced by Italian hardware. It's also possible that Italian midsize cars could be built here, replacing Chrysler's lackluster entries in the segment.

Chrysler has not yet finalized any product plans, said spokesman Rick Deneau, and it has no plans that he is aware of to shed further models.

"To simply think about the potential for subtraction is not the way we're looking at it," he said. "We're looking at additions. Obviously we're going to consider replacements. Certainly it's been expressed that there's a desire and intent for producing vehicles here in this market."

At the Frankfurt show, Chrysler is expected to announce new subcompact and compact cars based on Fiat's Bravo and Punto architecture, the Milan daily Corriere della Sera reported on Tuesday. The Bravo and the Punto are two of the cars — along with the Fiat 500 and the hot-selling Panda — that have helped drive sales and brand renewal at Fiat since Marchionne took the helm.

The Punto and the slightly larger Grande Punto launched in 2005 have been Fiat's flagship models, fueling sales, while the Bravo five-door, a redesign of older three-door and five-door models produced that was launched in 2007, is its main offering in the four-door sedan segment.

Until the announcement is made, workers at Chrysler plants with products on the bubble will continue to be nervous.

Henneman said workers at his plant, Chrysler's newest, have done all they can, approving flexible work rules and adopting Fiat's World Class Manufacturing system.

And Hunter is optimistic that Marchionne can turn Chrysler around even though previous owners, Daimler AG and private equity firm Cerberus Capital Management

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LP, could not.

"I like their products, actually," he said. "If you've got a decent sports car that's going to get some mileage. I think they got a shot to make that happen."

With buyouts and plant closings, Chrysler should have reduced its costs to the point where it can become profitable again, Hunter said.

"You would think that we've got to be pretty streamlined," he said. "We're still making it happen with a lot less work force and a lot less resources."

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