

Managing Business Change

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Can Marchionne Turn Chrysler Around?

“Chrysler, suffering from the Daimler Benz merger and the Cerberus failure, brings a lot of baggage to the merger.”

The recent completion of the merger between Fiat and Chrysler raised hopes that Chrysler could survive its ills of the past.

At the helm of Chrysler is Sergio Marchionne, CEO of Fiat, and a man with a “can do” reputation. He succeeded in turning Fiat around. In just four years its losses were stemmed, the product line was completely transformed, and confidence in the Italian automaker restored.

Now the big question is, can he do it again? Can he follow the same game plan by making surgical cuts in the management hierarchy and exerting his influence over a company that is plagued with

seasoned bureaucrats, labor unions, huge overhead, and a lackluster lineup of new cars? Can he change a company culture that can be characterized as internally focused comfortable with a stable environment into one that focuses on the market and takes calculated risks to produce cars that consumers will finally want to buy?

Before this question can be answered, and before we can predict the outcome of any business change initiative, it is useful to look at the history of the organization and then to determine if within this context the business change strategy makes sense. Seldom, will

a cookie cutter approach work. So, what works at Fiat may not work at Chrysler.

We all know that cookie cutter approaches won't work. But what is very difficult, after a successful effort ... like Marchionne's turnaround at Fiat ... is to undertake a new business change initiate with an open and flexible mind.

Chrysler, suffering from the Daimler Benz merger and the Cerberus failure, brings a lot of baggage to the merger. Within this context can Marchionne adapt to this very different environment? Many feel the odds are not in his favor.

Alignment of Business and IT

IT has become a critical component of the change process. Often it is challenging to assure that there is an alignment between the business goals of the change process and its IT goals.

Misalignments occur when IT is considered only a service function, when the

IT team works independently of the change team, or when the IT issues are so complex that few members of the change team understand how the functions of the new IT system will meet their needs as well its likelihood of success .

Misalignment is common.

According to one CIO of a major insurance company in the United States, the IT department in his organization was more comfortable working independently of the client, and they often produce results that they felt were need but that eventually failed to meet the needs and objectives

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