

FEATURE OF THE MONTH



Where have all the "car guys" gone? Quite clearly, they have gone out of fashion in the Motor City.

First, Ford hired Alan Mulally, an airplane guy, as CEO. The hiring of the former president of Boeing Commercial marked the first time an outsider had been appointed to run an auto company in Detroit, where lengthy careers at a single company are still the norm.

Then Robert Nardelli, a home improvement guy, was named CEO of Chrysler a few weeks after the company was purchased by Cerberus Capital Management. By anointing the former Home Depot Chief Executive, Cerberus unceremoniously shoved its own car guy, Tom LaSorda, out of the CEO office. Cerberus had been on record staunchly professing their unwavering support for LaSorda.

None of the chiefs now leading the three American car companies can be credited for inspiring anything on the roads today. Only one of them, Rick Wagoner of General Motors, has lengthy experience in the industry.



Neither Mulally and Nardelli had any previous auto industry experience. Wagoner, though a longtime GM executive, isn't your prototypical "car guy." He came up the ladder through his knowledge of finance, instead of through the complex manufacturing chain - long considered the unofficial breeding ground of the "car guy."

Fewer and fewer high-ranking auto executives now come from manufacturing, the sector widely viewed as the most vital component of Detroit's existence. Outside capital and management, in fact, is becoming more prevalent all the time at virtually every operational level within the industry.

It's a breach of a custom that dates back to the industry's earliest years, when only homegrown talent

was promoted and when car builders ultimately became the chiefs. That tradition was steeped in the belief that inherent knowledge was the best way to understand how thing work in a multifaceted, industrial setting.

That ship, apparently, has sailed.

As has been well documented, the industry has collectively lost billions of dollars and market share to Japanese competitors. In the wake of such stunning setbacks, Detroit is increasingly looking to executive outsiders to get the car business back onto a profitable foothold. The massive changes basically reinforce the broadly held perception that outsiders can bring greater fiscal and operational efficiency to the industry. Varied business skills and industrial savvy are now seen as the attributes that will, in due course, embolden employees and revive the struggling automakers.

Nardelli, despite not having an auto industry background, is actually returning to his comfort zone - manufacturing. He faced similar problems when he swooped into Home Depot in 2000 to become the first outsider to take the helm of the home improvement giant. As a longtime General Electric Executive with no retail experience,

Nardelli made significant improvements and shored up the company's financial operations and infrastructure.

Mulally, meanwhile, appeared to be speaking for the entire industry when he recently said, "This is a business that needs to be run as a business. The players that you see coming into the business are business people. And the reason you attract that kind of talent is that if you have a chance of transforming companies and creating value for everybody."

