

A Tankful of Diversity

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Fred Diaz, president and CEO of Chrysler de Mexico and Ram Truck Brand

It's inclusion and diversity that keep Chrysler's eyes on the road, and it's awareness of the power of the Hispanic market that keeps its foot on the gas.

"If you don't already have significant plans relative to how you're going to pursue the Hispanic market, you're just not in the business world or you're way behind under a rock somewhere," Fred Diaz, president and CEO of Chrysler de Mexico and Ram Truck Brand, told **HispanicBusiness** magazine.

Changes in diversity have been "huge" since the acquisition by Fiat, he said. "We are heading up a new division that is specific to Hispanic marketing -- not (just) diversity marketing, but specific to Hispanic marketing because we are very serious about it going forward for all of our brands."

"Culture is the fabric that holds organizations together," Chrysler and Fiat CEO Sergio Marchionne said. "(Every) person plays an important role in shaping our future, including employees, our supply base, our marketing and our dealer network."

Burning Up the Road

Chrysler has a history of changing from hot potato to hot commodity. A long stretch of bad road nearly wrecked it before Lee Iacocca turned it around in the early 1980s, Daimler-Benz couldn't get out of first gear from 1998 to 2007, and Chrysler went into Chapter 11 protection in April 2009.

But that was the old Chrysler. In June 2009, according to a news release, Chrysler LLC got permission from federal bankruptcy court to sell itself to Chrysler Group LLC, a new company formed with Fiat SpA. In June of this year,

the Italian automaker consolidated control of Chrysler by buying the 6 percent of the company still held by the federal government, according to Bloomberg, giving Fiat a 52 percent interest in Chrysler. In July, UPI reported that Fiat increased its holdings to 53.5 percent.

Aug. 2, Chrysler announced July year-to-year retail sales growth of 33 percent, its 16th consecutive month of year-over-year sales gains. Jeep brand sales were up 46 percent year-over-year, while the numbers for the Chrysler 200 and 300 sedans were up 66 percent -- cars that are popular among Hispanic buyers.

Chrysler is "still recovering from a challenging market and effects of the bankruptcy," according to Michael Palese of Chrysler's corporate communications office. However, as he pointed out, the purchasing decisions of Hispanic consumers are driven by the same forces that appeal to any consumer, which he listed as value, reliability, utility, comfort, and family needs and recreation.

He added that some of the Chrysler models most popular among Hispanics are the Ram 1500 and 2500 trucks, the Jeep Grand Cherokee and the Chrysler Town & Country minivan. Ralph Kisiel, sales and dealer network media relations, added that "46 percent of our minority dealers are Hispanic."

Before charges related to paying off its government loans, Chrysler saw a profit of \$181 million, reports the Detroit Free Press.

A History of Inclusion

Chrysler restructured its upper management in July, paring Mr. Marchionne's direct reports from about 50 executives down to 22, according to UPI, with Mr. Marchionne as Chrysler's chief operating officer as well as CEO.

"It's the most diverse management team that I have ever been associated with," Mr. Diaz said.

"Diversity is a decision to include," says Lisa Wicker, director, Office of Talent Acquisition, Global Diversity and Compliance. "The leadership for our diversity strategy starts with Mr. Marchionne, who is the sponsor of the Global Diversity Council." It then flows through a pair of senior vice presidents to the 15 to 17 members of the management team, Ms. Wicker said.

Chrysler is ranked No. 36 on the HispanicBusiness Best Companies listing. The company's involvement in diverse communities includes partnering with such mainstays as the Hispanic Association on Corporate Responsibility (HACR), whose annual symposium Ms. Wicker attended in May.

"(Chrysler is) one of only seven companies nationwide that has been an active member since HACR first began, 25 years ago," said Mr. Palese. It's "a

longstanding thing even through the darkest of times."

Chrysler scored especially well in the supplier diversity category of the Best Companies list. Chrysler's supplier diversity program goes back to 1983, said Kevin Bell, senior manager, diversity supplier development. "We have been recognized since then as one of the premier organizations and leaders in this space."

In 1991, Chrysler was "one of the first corporations to launch what we call a tier-two program" in which tier-one companies are tracked "in terms of the amount of spending they also do with supplier diversity organizations," Mr. Bell said. In 2010, "We did about \$1.7 billion directly with tier-one (minority enterprises)."

"Chrysler Group has spent more than \$44 billion with minority suppliers" since 1983, Mr. Palese added.

Mr. Bell and Ms. Wicker both declined to answer questions about their budgets on confidentiality grounds. "We probably wouldn't want to share that," said Mr. Palese, "so our competitors don't try to eat our lunch."

Chrysler's diversity supplier development program targets minority- and women-owned businesses, and tracks but doesn't have targets for small businesses and veteran-owned businesses, according to Mr. Bell. "In order to be part of our minority-owned businesses," he said, "you have to be a certified entity by either the National Minority Supplier Development Council (NMSDC) or one of its affiliates, or the (Women's Business Enterprise National Council)."

Chrysler is a corporate member of the NMSDC and helps support such organizations as the Michigan Hispanic Chamber of Commerce. "I'm on the board of directors personally of that organization," Mr. Bell said.

Chrysler also fared well in the diversity retention and promotion category and the marketing and outreach category of the Best Companies list. Mr. Bell points out that Chrysler participates in a number of diversity networking sessions and trade fairs throughout the year, such as its annual Matchmaker recruitment effort.

"We like to think (it's) the largest free trade fair of any kind in North America," he said. "Last year we had 280 exhibitors -- and these were predominantly minority and women business organizations -- that had an opportunity to display their products and services to a larger audience." The event drew 1,700 visitors.

Diverse points of view "are impossible to teach. It's just part of who you are," Mr. Diaz said. "Diversity, and particularly Hispanic marketing, is critical to the future success of this corporation."

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