

# Daimler ag and chrysler

Business, Management



1. In what ways did the cultures of the two companies differ? What do you think the terms 'innovation' and 'entrepreneurship' meant to Chrysler employees? What about to Daimler employees? In 1998 when German industrial giant Daimler-Benz AG merged with American automobile manufacturer, Chrysler Corporation, Daimler Chrysler came into existence. This merger didn't result for the big picture that was expected after this merge. It was thought that this merger would create a global economy not only between two of the world's greatest economy but also capturing the market in various part of the world.

Whereas, underneath this view there were many issues, which were involved in this merger of totally two different cultures. Daimler-Benz was an aggressive firm, which believed in hustling every possible way to make its company the number throughout the world. But, Chrysler was on the other hand an easy going and slow progress firm which believed in the production and flexibility of operation. At DaimlerChrysler, differences in compensation systems and decision-making processes caused friction between senior management, while lower level employees fought over issues such as dress code, working hours and smoking on the job.

Language also became an issue. While most managers on the Daimler side could speak some English, not all were able to do so with the fluency needed for effective working relationships. Also, only a few Chrysler managers had any knowledge of the German language. For Chrysler 'innovation' means to Look forward for new changes, converting ideas into profit, Passion of designing, developing and building greatest cars and For Daimler 'innovation' means more analytical, more long-term looking,

more technology-minded. 2. Compare and contrast the two companies' organizational structures.

What challenges do you think these different structures created? Structure of Daimler | Structure of Chrysler | 1) The company had traditional intrusive bureaucratic structure | 1) It established a matrix management structure for the senior managers. | 2) There were issues between the middle and lower management levels. | 2) Many of the traditional vice presidents were replaced with people who not only had functional expertise but who were able to work together. | 3) Significant level of streamlining and restructuring was needed. 3) Each vice president under the new structure had to create Mutual dependencies among them. | Chrysler management had bulldozed its traditional functional organization structure. It created platform for the whole organization, assigning all functional to one of five teams, large, car, small car, minivan, truck or jeep. In significant changes at Daimler due to Lack of proper organization structure many employees left organization and many of the people working for century old company were unable to keep pace or keep track of changes going on around them. 3.

What issues do you think the different leadership styles of the three DaimlerChrysler leaders (Schrempp, Eaton, Stallkamp) created? SCHREMPPE He believed in the creative side, to find an optimal solution, according to him, it's the arguments which count. However, for him " leadership means at some stage you have to summarize the arguments and make a decision. Decision is not a matter of committee, you have to take responsibility. Debate is not forever. Speed is a competitive factor. It's better to have 80%

than to wait for 100%". At some places I found him a strict leader which causes the lack of unity among employees.

EATON Eaton historically is more willing to listen to the opinions of others and delegate authority, which should help create a culture of teamwork and consensus building at Chrysler. Empowering lower level managers to make more decisions removes the fear of being overridden by the CEO, and develops confidence. Emphasizing teamwork and empowering more people within the organization will help to shift the company's focus to designing and building the best automobiles in the world. STALLKAMP The number two American executive behind Eaton has played a key role in melding the German and U. S. operations since the combination of Daimler-Benz and Chrysler Corp. Stallkamp, who was president of the former Chrysler Corp. , was credited with pioneering a new system that involved suppliers earlier in the vehicle development process. The result was lower costs and improved relations. 4. Assess Stallkamp's power base as head of integration and president of Chrysler. What strategy did Stallkamp employ to achieve integration between Daimler and Chrysler? As a president Stallkamp did so well as: 1. He was self effacing and having the ability to generate consensus. 2. He put great efforts on quality improvement. . For him, Chrysler was a business and its reputation was very important and he believes in bringing the same ethics into business as he has in his personal life. 4. He tried to obtain something new to increase sales. 5. He was always ready to accept challenges. 6. He focused on cost saving and improve marketing. Quality problems are rarely with one part of the corporation. The problem is usually the process. He gets design, engineering, procurement, sales and

manufacturing working together to solve the problem. He identifies more with real-life customers; accelerate the response time whenever a problem occurs.

He also meet with all the executive vice presidents, to make sure they are all on the same team and are working on commongoals. 5. What would you have done differently? Why? What should Stallkamp do next? According to me, Stallkamp has done up to his maximum ability, but still he should also do following: 1. Put some more efforts to reduce the culture mismatch. 2. Connection between lower ; upper management should be improved, by enhancing organization structure. 3. Implementation of a system where individual can put his views. 4. Policy execution process improvement. 5. Put some efforts to improve the skills of existing employee.