



Jefferson County (B):  
Borrowing in March 1997

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# *Literature Review*

*Book- Mondo Agnelli : Fiat, Chrysler, and the Power of a Dynasty*

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- The book outlines the trials, tribulations and triumphs of Fiat Chrysler Automotive (FCA)
- Specific section titled "The Power of the Individual" highlights Marchionne's impact on the company's turnaround.
- Blunt style
- Transformational figure

## *The Situation*

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- Fiat had fallen on hard times
  - Failed models
  - Low Cashflows
  - Lost Profit
- Death of Giovanni Agnelli
  - Brother, Umberto, takes over
- Company runs through 4 CEO's in 2003
- Umberto dies unexpectedly
  - 28 year old Grandson, John Elkann, takes on role as heir

## *The Solution*

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- Marchionne is hired as CEO
- No auto-industry experience
- Upbringing made him right fit
  - "You deal with it and you move on" - Sergio Marchionne
- Authentic transformational leadership
  - Shedding of provincialism

## *Marchionne as a Transformational Leader*

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### Pros:

- Expanded team of direct reports
- Ended "Great Man" era
- Team created goals

### Cons:

- Bypassed human resources
- Blunt
- Risk taker

## *Issue with Marchionne*

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- Disregard for traditional Italian culture
- Undermined top executives
  - Young had more say
- Hired risk takers
- All eggs in one basket
- Complete upheaval of corporate culture
- Quick change

# *Genius of Marchionne*

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- Increased transparency
- Encouraged outside thoughts
- Fresh, outside perspective
- Quick change
- Made employees unafraid of failure
- New management structure





# *Fiat merges with Chrysler*

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- Auto industry in America is crumbling
  - Chrysler and GM facing bankruptcy
- Chrysler needed an ally in restructuring
- Fiat exchanged its technology for a stake in Chrysler
- Marchionne becomes CEO of Fiat Chrysler