

Nardelli to Lead Chrysler - CBS Radio Detroit turns to McTevia for insight

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Auburn Hills (WWJ) -- A shakeup at the top of the new Chrysler LLC. Former Home Depot boss Bob Nardelli was elected as chairman of the board and CEO of the No. 3 U.S. automaker in its effort to return to financial health.

Nardelli, who became chief executive of The Home Depot Inc. in 2000, resigned abruptly in January after criticism over his pay and the company's slumping share price.

"Chrysler has many deeply talented and dedicated people, and I am confident that together we can continue the momentum of Chrysler's recovery," Nardelli said in the statement.

Former Chrysler executive Wolfgang Bernhard, a senior adviser to Cerberus, had been widely expected to be named chairman. He was offered a position with the company but elected not to accept it.

Tom LaSorda, Chrysler's chief executive since Jan. 1, 2006, was named vice chairman and president of Chrysler, reporting to Nardelli. LaSorda, who took over the top job when Dieter Zetsche returned to Germany to head up DaimlerChrysler AG, had been expected to remain in that position once Cerberus took over.

On Friday, DaimlerChrysler transferred an 80.1 percent stake in Chrysler to New York-based Cerberus Capital Management LP, one of the world's largest private equity companies, in a \$7.4 billion deal. The German automaker, which is to be renamed Daimler AG, retained a 19.9 percent interest in Chrysler.

Cerberus Chairman John Snow previously had said Cerberus planned to keep Chrysler's management team in place and give it the freedom to implement its restructuring plan, which currently calls for shedding 13,000 hourly and salaried jobs in the U.S. and Canada by 2009.

"Bob has a proven track record of success and an unwavering focus on performance, and brings deep operational experience and a broad industry background to Chrysler," LaSorda said in the statement. "His background in operations will provide valuable knowledge as we continue Chrysler's turnaround."

Nardelli's wide-ranging business experience and the fact that he happened to be available led Cerberus officials to snap him up, a person with knowledge of the move said.

United Auto Workers leaders were consulted on Nardelli's selection and gave their approval, the person said.

"I am very excited to be part of a team focused on re-establishing Chrysler as a standalone industry leader, with a renewed focus on meeting the needs of customers," said Nardelli.

Nardelli helped increase revenue and profits at Home Depot and increase the number of stores the company operates. But the public discussion about his pay and the company's stock price became a distraction.

His compensation at Chrysler will be based solely on the success of bringing the automaker back to financial health, the person said.

Besides Nardelli and LaSorda, the 11-member Chrysler board now includes representatives from Cerberus and DaimlerChrysler, as well as independent directors.

Chrysler's chief operating officer, Eric Ridenour, decided to leave the automaker after 23 years, Chrysler said.

Some experts expect more changes.

"My hunch is there may be people at Chrysler that are there today that won't be there over the next 12 months, it's crystal clear to me that through expansion there has to be consolidation," said turnaround expert Jim McTevia.

Meantime, workers heading to work Monday told WWJ's Vickie Thomas they were excited to get to work under the new Cerberus management. A daylong celebration was planned.

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