

# **Iacocca: An Autobiography Study Guide**

**Iacocca: An Autobiography by Lee Iacocca**

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# Plot Summary

Iacocca: An Autobiography is the fascinating story of Lee Iacocca, a business legend. He helped shape Ford into the number two US auto maker and then saved Chrysler from going out of business. In this book, Iacocca reveals the situations he faced and the management magic he performed to make both companies into good performers.

Lido Anthony Iacocca was born to Italian immigrant parents. He and his sister grew up in a warm, loving and nurturing environment. He married Mary in 1956 and they had two daughters, Kathi and Lia. Lee always remained a family man. No matter how hard he worked or how far he rose in the ranks of management, he always devoted weekends and vacations to his family.

Lee obtained his education at Lehigh University and then received a fellowship for graduate study at Princeton University. After school, he went to work for Ford. After nine months in their training program, he decided he wanted to be in sales and secured a position in a district sales office in Pennsylvania. From there, he began his stellar rise through the ranks to become the head of the Ford Division in 1960. He and his team developed the Mustang, one of the most popular cars of all time.

Ten years later, Iacocca became president of the Ford Motor Company. He began having problems with Henry Ford II and was fired in October 1978. Two weeks later, he became the president of Chrysler, knowing that he would become CEO within a year.

Chrysler gave Iacocca the challenge of his life. The company was in serious trouble and suffered from gross mis-management. As soon as Iacocca formed his team there, the energy crisis occurred and the economy entered a severe recession, pushing Chrysler to the brink of collapse.

Iacocca describes how they saved the company, finally obtaining \$1.2 billion in government loan guarantees. He describes the negotiations with government, labor, suppliers and more than four hundred lending institutions and how they worked together to make Chrysler profitable by 1983.

This book is more than just the success story of Chrysler and Lee Iacocca. He expressed his views on management style and on what's wrong with the American way of doing business. Iacocca expresses his views on how America can become stronger in world markets and what steps it must take.

Iacocca is easy, quick and fascinating reading. The reader will not want to put the book down and will find the time well spent.

# Chapter 1

## Chapter 1 Summary and Analysis

Lee Iacocca was born Lido Anthony Iacocca on October 15, 1924. His parents Nicola and Antoinette were Italian immigrants. His father, Nicola, owned The Orpheum Weiner House in Allentown, Pennsylvania, where Lee grew up. Lee owned a small-sandwich shop called The Four Chefs in 1952. The restaurant did well but he had to sell it because it moved him into a higher tax bracket.

Lee decided to work in the auto industry at the age of fifteen.

The Iacocca family prospered in the 1920s, but then lost almost everything during the Depression in the 1930s. Because of this, Lee decided at an early age that he wanted to be wealthy.

Lee was greatly influenced by his father and the Depression when he was growing up.



## Chapters 2-3

### Chapters 2-3 Summary and Analysis

Lee discusses the prejudices against Italians in Allentown. By the time he was in third grade, he came to understand that in the bigoted scheme of things, Italians were a notch above Jews (the lowest rank), but overall, he was happy in school. The most important thing he learned was communication. He contracted rheumatic fever. He gave up sports and began playing chess, bridge and poker and was also active in extracurricular activities.

When World War II began, Lee's history of rheumatic fever resulted in a medical deferment. He enrolled in Lehigh University for their engineering programs. Lee was good at establishing priorities and organizing his schedule. Majoring in industrial engineering, he learned many skills that would help him throughout his career and decided that he wanted to work for Ford Motor Company while still in school. He secured a position at Ford but then received the Wallace Memorial Fellowship for study at Princeton. Ford agreed to hold a position for him, but Lee didn't have it in writing. This caused some problems but Ford accepted him into their training program.

In chapter three, Lee begins working at Ford in August 1946. He was a student engineer and in a program that rotates him through every department. After nine months in the program, he lost interest in engineering and wanted to work in marketing or sales. He found a sales position at the Chester, Pennsylvania district sales office, and in 1949 became the zone manager in Wilkes-Barre, Pennsylvania. He reported to Charlie Beacham, who became his mentor. At this time, he began using the name Lee and traveled around the East giving training seminars.

# Chapters 4-5

## Chapters 4-5 Summary and Analysis

Iacocca received a demotion in the 1950s during an economic recession when many others were fired. He applied himself and worked, getting his old position back in a few months. Iacocca became the assistant sales manager of the Philadelphia district in 1953.

Ford developed safety padding for dashboards in 1956, which Iacocca promoted. The campaign wasn't successful. Iacocca developed another campaign that moved his district from last to first place. Called the campaign '56 for '56', it allowed buyers to buy cars with a twenty-percent down payment and monthly payments of \$56. As a result, he was promoted to Washington DC district manager. He married Mary on September 29, 1956 and was transferred to Dearborn as national truck marketing manager when Charlie Beacham was promoted. At this time the Whiz Kids had joined Ford and Iacocca worked under Robert McNamara.

Iacocca became head of the Ford Division in December 1960. He implemented the quarterly review system. Plans and objectives now had to be stated in writing. He describes his management style as being pretty conservative. Lee doesn't believe that intuition should be the basis for decision making. Decisions should be based on facts, though sometime decisions must be made on the basis of incomplete information so risk-taking is involved. Management also involves motivation, both of yourself and others.



# Chapters 6-7

## Chapters 6-7 Summary and Analysis

Iacocca describes his years as general manager of the Ford Division as the happiest of his life. McNamara had a car called the Cardinal under development when Iacocca took over. He convinced Ford to drop the car.

Iacocca and his group, known as the Fairlane Committee, met weekly at the Fairlane Inn in Dearborn. They were beginning to pay attention to the younger market and the fact that they needed a car for this market that had good styling and performance. The Fairlane Committee did their market research to see what kind of car they needed for this market. They decided to use what they could from the Falcon and to launch the car at the 1964 New York World's Fair.

The design chosen was by Dave Ash and was called the Cougar. The prototype went through several name changes before they settled on the name Mustang. When introduced, its base price was \$2,368 and Ford dealers were mobbed. After a few weeks of sales, they had to have another plant to fill the orders. They soon had to convert a third plant. The car generated \$1.1 billion in net profits during its first year.

In chapter seven, Iacocca becomes vice president of the corporate car and truck group as a result of the success of the Mustang, which put him in charge of the Lincoln-Mercury Divisions. He now had an office at World Headquarters called the Glass House. Ford made it clear that part of Iacocca's responsibility was to produce a best seller in the Lincoln-Mercury Division.

Iacocca decided that the Lincoln-Mercury Division lacked style and identity and in 1967 introduced the Cougar and the Marquis. They created a new identity for the division by using a live cougar and the slogan 'the sign of the cat'. In April 1968, they introduced the highly successful Mark III.



# Chapters 8-9

## Chapters 8-9 Summary and Analysis

In 1968, Henry hired Bunkie Knudsen from General Motors as the president of Ford Motor Company. They knew that Iacocca was upset and told him that he was still young (forty-four) and that his turn would come. He considered other job offers but decided to stay at Ford.

Knudsen did not fit in with the management style at Ford and alienated people by making decisions on his own. He lasted for nineteen months before Henry fired him. They tried a three man presidency of which Iacocca was a part, and then on December 10, 1970, Iacocca was made president of Ford Motor Company.

One of Iacocca's first moves as president was a cost reduction program. They cut the changeover period to two days, and cut freight costs and money losing products. In spite of his increased responsibilities, he still kept weekends free for his family.

Iacocca felt a slight letdown after achieving his goal of the presidency in his mid-forties and wondered what he would do for an encore.

In chapter nine, the more Iacocca came to know Henry, the more he began to worry about his own and the company's future. Henry used his power arbitrarily. Iacocca worked with Ford the best he could. He talked Henry into making the Fiesta, which saved Ford in Europe. When Lee worked out a deal with Honda, Henry wouldn't allow any Japanese parts in his cars and a good deal had to be cancelled. Iacocca did not like many of the things that Henry did with the company's money and did not like the fact that Henry was a bigot.





# Chapters 10-11

## Chapters 10-11 Summary and Analysis

Iacocca says that Henry's plan to unseat Iacocca began in 1975. When Iacocca returned from a trip to the Middle East, he learned that Henry had ordered a two billion dollar reduction in future product programs because of his fear of the OPEC situation. He waited until Lee was out of the country to do it. Then there was a bribe attempt of an Indonesian general which resulted in a cover-up operation at the company. Henry had given the okay for the bribe and then had to cancel it. In addition, the company experienced losses in 1974's fourth quarter. The losses continued into the next year, and Henry called a meeting and announced that management was doing everything wrong.

Iacocca's secretary, Betty Martin, told him that the items on his desk were rearranged from the way she left them at night. She also told him that Henry was reviewing his phone investigation of Iacocca. The investigation cost Ford two million dollars yet he couldn't find anything on Iacocca. Lee says he should have quit then, but didn't.

In chapter eleven, Lee says he hoped things would improve at Ford. He didn't want to walk away from the salary of \$970,000 per year. Henry then began to fire some of Iacocca's key men, first Bill Winn and then Hal Sperlich, who went to work at Chrysler. In 1977, Henry hired a management consulting firm that recommended a three man chief executive, of which Iacocca was a part. Henry made Iacocca the third man at Ford, and Phil Caldwell was the number two man. The three man rule was extended to four when Bill Ford was added in June of 1978.

When Henry wanted to fire Iacocca, the board would approve. A month later, Henry told Iacocca that he should leave. They agreed that he would resign effective October 15, 1978 so he would receive his benefits. Three months later, Mary had her first heart attack. Most of his friends from Ford broke off contact with him for fear of losing their own jobs.

# Chapters 12-13

## Chapters 12-13 Summary and Analysis

Some of the dealers were upset after Iacocca's firing. Many contacted him with their support. Iacocca was given the use of an office in a warehouse. He only went there once. He felt he was fired for being a threat to Henry in Europe and other places. Henry felt that if something happened to him, that Iacocca would become CEO, which he didn't want. He wanted his son Edsel to succeed him.

Chapter thirteen reveals that Iacocca had many job offers but that he wanted to remain in the auto industry. It was the only business that he knew. He thought of forming a consortium of European, Japanese and US car companies to challenge General Motors. A friend of his arranged a luncheon with two Chrysler board members. A week later, he met with Chrysler board chairman John Riccardo. After several more meetings, he agreed to come into Chrysler as president with the understanding that he would become CEO when Riccardo resigned.

Iacocca had to forfeit his severance pay of \$1.5 million due to a competitive clause in his settlement with Ford. Chrysler made it up to him by giving him a sign-on bonus of \$1.5 million and matched his salary demands. Iacocca thought it would take one year to make the necessary changes and turn the company around. It didn't work out that way, due to political and economic events.

# Chapters 14-15

## Chapters 14-15 Summary and Analysis

Iacocca began work at Chrysler on November 2, 1978, when the company announced its worst deficit. Iacocca found a management mess at Chrysler where each of the thirty-five vice presidents ran their own department independently with little communication and interaction between them. There was no overall system of financial controls. People couldn't even provide the kind of information he was asking for.

Chrysler's philosophy had been to move people around to different departments instead of having them work in areas they were trained for. Iacocca had to clean house and this meant firing many people. Morale was low and people were worried about their jobs. Iacocca knew that this was a situation that led to industrial espionage. In addition, Chrysler cars suffered from styling and quality problems.

At Chrysler, cars were produced and put into inventory, called the sales bank. The production wasn't based on orders, so the sales staff had to try to sell the cars they had to dealers, usually at reduced rates. This was the system that Iacocca knew he had to get rid of. It was changed so production was in response to dealer orders. Iacocca also changed the leasing agreements with car rental agencies.

In chapter fifteen, Iacocca builds his management team at Chrysler. He hired Gerald Greenwald from Ford to set up a financial controls system and promoted Hal Sperlich, who was already at Chrysler. Then he hired Gar Laux to improve relations with the dealers. Matthias was hired to work on the quality problems with George Butts. Iacocca hired other people from General Motors and Volkswagen to work on quality. Paul Bergmoser was also hired to handle purchasing. Iacocca also replaced Chrysler's advertising agencies with Kenyon and Eckhardt, who then had to drop the Lincoln-Mercury account.



# Chapters 16-17

## Chapters 16-17 Summary and Analysis

Iacocca had his management team, but Chrysler's problems continued. The crisis in Iran began on January 16, 1979, when the Shah left the country. This led to a doubling of the price of gas and the beginning of the energy crisis. Many Chrysler cars were gas guzzlers. At this time, small cars were not selling well, but all of this changed overnight.

Chrysler would have to invest in new plant and products over the next five years to survive. As they began, the economy entered a serious recession. The company had to take drastic measures. They closed some plants and cut costs any way they could and implemented a just-in-time parts system. Chrysler sold its dealer real estate because they needed cash. They sold other operations for cash so that their suppliers would continue to supply them. Thousands of workers were laid off.

In chapter seventeen, it was clear that Chrysler was in trouble, in spite of their drastic measures to survive. By summer 1979, it was clear that they had to ask the government for help. They had talked to Volkswagon about a possible merger, but Volkswagon wasn't interested. Ricarrdo went to Washington to lobby for a freeze on government regulations, but to no avail. They then tried for a refundable tax credit. Chrysler finally applied for government loan guarantees for one billion dollars.

# Chapters 18-19

## Chapters 18-19 Summary and Analysis

There was a lot of public opposition to government loan guarantees for Chrysler, including that of the Business Roundtable of the National Association of Manufacturers. Chrysler withdrew its Business Roundtable membership.

Saving Chrysler was a way to preserve competition and to save jobs. The fate of six hundred thousand jobs was at stake. They looked at the effects of Chrysler filing for Chapter 11 bankruptcy, which would protect them from creditors while they re-organized. Buyers, worried about warranties and service, would stop buying cars. Dealers wouldn't be able to obtain financing and would be forced into bankruptcy themselves.

In chapter nineteen, Iacocca had to appear before Congressional committees to try to get Congress to approve the loan guarantees. The hearings began on October 18. During the hearings, the sale of Chrysler cars fell dramatically and the company began a public relations campaign to reassure and inform consumers, which was very successful. At the same time, Chrysler dealers were visiting Congressional members, lobbying for the company. The loan guarantees also had the support of President Carter.

Congress voted in favor of the loan guarantees of up to \$1.5 billion to be repaid by the end of the 1990 subject to various conditions. Basically, all of Chrysler's assets were used as collateral and a lot of jobs were saved.



# Chapters 20 - 21

## Chapters 20 - 21 Summary and Analysis

Now that Chrysler had the loan guarantees, they had to make arrangements with the various suppliers. One of the things Iacocca did was to reduce his own salary to one dollar per year. This set an example for the rest of the company. They were willing to make sacrifices. The unions also made concessions to keep their members employed. Eventually morale began to improve.

The company developed a stock ownership program for workers. Plants were closed and many people lost their jobs. Iacocca visited all of the plants to speak to the workers. He promised to try to bring their wages to parity with other General Motors workers when things improved. Doug Frasier from the union was invited to sit on the board of directors so he could learn of the problems from the company's perspective. This was a common practice in Japan and Europe but very rare in America.

Chapter twenty-one explains Chrysler's problems with the banks. Chrysler had to negotiate concessions with more than four hundred lending institutions. Many of them had wanted Chrysler to declare bankruptcy until it was pointed out to them that under Michigan law, the interest rate on loans drops to six percent in bankruptcy. It was in the banks' best interests to grant concessions to Chrysler. The involved lending institutions were located all over the world.

It took over a month to develop a plan for the banks. Jerry Greenwald coordinated the master plan from Chrysler headquarters. Eventually all of the lending institutions accepted the Chrysler plan. It was now the end of June.

# Chapters 22-23

## Chapters 22-23 Summary and Analysis

The K-car had been on the drawing board before Iacocca had arrived at Chrysler, and it is what they pinned their hopes for the future on. These cars were the Dodge Aries and the Chrysler Reliant. Other cars were built off the platform from these models, which is the standard practice in the auto industry today.

The launch of the K-cars wasn't as spectacular as Chrysler had hoped. They didn't produce enough basic models and had too many with luxuries and options, which added several thousand dollars to their price. The company quickly corrected these problems. The problem of high interest rates was not met with rebates. By early 1981, cars were selling well, but the company still had huge losses. Sales dropped further from the publicity on the third loan drawdown.

Chrysler considered the possibility of a merger with Ford, but Ford was against it. The economic problems continued in 1981, and by November 1, Chrysler was down to the last one million dollars. The company was basically living from day to day, wondering where the money for the bills was going to come from, yet they never missed a payroll and were able to work out extended terms with their creditors.

In chapter twenty-three, Iacocca discusses his appearance in television commercials. Chrysler's advertising agency was in favor of it, saying it was the best way to help the company. Since Chrysler was viewed differently in the eyes of the public, they decided to capitalize on it. The crisis was in 1983 and they wanted the public to know it. The commercials made Lee Iacocca famous and recognizable everywhere.

Iacocca signed a three year contract with Chrysler at the end of 1983.

# Chapters 24-25

## Chapters 24-25 Summary and Analysis

In 1982, Chrysler began hiring and signing up new dealers. The company was profitable by the end of the year and did much better in 1983. In spring, they had a new stock offering. In addition to that, the stock more than doubled in price in the next few weeks. They paid back their loans seven years ahead of schedule.

Iacocca developed the Le Baron convertible, which was a big success. General Motors and Ford then brought out convertibles of their own. The next year, Chrysler introduced the minivan.

The last remaining problem were the warrants held by the Loan Board. They entitled the holder to buy 14.4 million shares at \$13. The stock was now selling at \$30. Chrysler asked the government to return the warrants at little or not cost, which caused an uproar. The government said they would sell the warrants to the highest bidder. Chrysler had to bid on them and paid \$311 million for them.

On May 15, 1983, Mary died. Iacocca wishes he had lived to see the payback of the loan.

Chapter twenty-five deals with the issue of auto safety. Iacocca had always been a supporter of mandatory seat belt use. He feels that seat belts are far more effective than air bags in saving lives. Iacocca was a pioneer of safety features at Ford in 1956 but does not favor air bags.





# Chapters 26-27

## Chapters 26-27 Summary and Analysis

In terms of labor unions, Iacocca sees the problem as fringe benefits, not wages. The three problem areas are cradle-to-grave medical benefits, unlimited cost-of-living allowances (COLA) and 'thirty-and-out'. COLAs were written into contracts to safeguard against inflation, but then actually help create inflation. 'Thirty-and-out' gives the worker the right to retire after thirty years of work, no matter what his age. He can collect a full pension equal to sixty percent of his salary. As for medical benefits, Iacocca says that when he first came to Chrysler, Blue Cross/Blue Shield was their biggest supplier with billings bigger than those for steel and rubber.

Iacocca did not know Walter Reuther, the founder of the UAW, but he discusses the man and his views and how they negotiate with the auto makers. Strikes are devastating to the auto industry.

Chapter twenty-seven looks at the effect of the Japanese on the United States auto market. Chrysler owned fifteen percent of Mitsubishi Motors. The Japanese are a strong force to contend with in world markets. Japanese companies are closely aligned with the Japanese government through the Ministry of International Trade and Industry (MITI). The government helps industries that are critical to Japan. They assist industries that export and protect their domestic industry from imports. The United States doesn't do any of these things.

Iacocca says that he admires the Japanese. They put out a good product, have lower labor costs and higher productivity. Japanese workers don't function by job description. They do whatever they can to contribute. Unlike the United States, Japanese government, industry and labor work on the same side. According to Iacocca, the United States needs to take the kind of approach the Japanese do.



# Chapter 28 and Epilogue

## Chapter 28 and Epilogue Summary and Analysis

Iacocca feels the budget deficit is a big problem. We are dependent on OPEC for oil and the Japanese are ahead of us and are basically capturing our industrial and technological base, especially steel and autos. High tech isn't enough to save the American economy. The auto industry is the largest user of computers and is vital to the United States economy.

Some sort of industrial policy is required. The government should help American industry against foreign competition. This means establishing a plan with objectives. Planning at the national level is not an attack on capitalism.

Iacocca proposes the basics for an industrial policy. It calls for energy independence, limits on Japanese market share in certain markets restructuring of the federal entitlement programs, the training of more scientists, engineers and technicians, incentives for research and development and rebuilding the nation's infrastructure. There should also be a Critical Industries Commission consisting of government, industry and labor. Monetary and fiscal policy would have to be part of the industrial policy.

The Epilogue deals with Iacocca's role as chairman of the Statue of Liberty-Ellis Island Centennial Commission. Even with all of the problems at Chrysler, he did this as a tribute to his parents, who were immigrants.



# Characters

## Lee Iacocca

Lee Iacocca is the son of Nicola and Antoinette Iacocca, with Italian immigrants. He and his sister, Delma, grew up in Allentown, Pennsylvania. Lido Anthony, or Lee, was born on October 15, 1924. As a teenager, he worked weekends in a fruit market and had rheumatic fever at the age of fifteen. He was a top student in school and active in extracurricular activities. Lee attended Lehigh University in Bethlehem, Pennsylvania, majoring in industrial engineering. He graduated with high honors and received the Wallace Memorial Fellowship to study at Princeton. Since he had already accepted employment at Ford, they agreed to hold the position for him. Lee began work at Ford in August 1946 as a student engineer. Lee decided against engineering and joined the Chester, Pennsylvania district sales office. In 1949, he became the zone manager in Wilkes-Barre, Pennsylvania, beginning his climb in the company he would work for for thirty-two years. Soon after becoming the District Manager of Washington DC, he married Mary McCleary on September 29, 1956. He was then transferred to Dearborn, along with Charlie Beacham. Lee continued to receive promotions and move up the corporate ladder. He became head of the Ford Division in December 1960, and his team developed the Mustang. Then he developed the Mercury Cougar and Marquis. He became president of Ford Motor Company on December 10, 1970. He was fired on October 15, 1978. On November 2, 1978, he became president of Chrysler and became CEO in September 1979.

## Henry Ford II

Henry Ford II took over the Ford company from his grandfather in 1945 when he returned from serving in the Navy. He hired a group of ten Air Force officers who had run the Air Force Office of Statistical Control and who wanted to continue to work together as a group. Their specialty was cost efficiency. Two of the men were Robert McNamara and Arjay Miller, who would become presidents of Ford. They became known as the Whiz Kids and provided Ford with the managerial expertise that he needed. Ford named Iacocca the head of the Ford Division in December 1960. When the Mustang was being developed they had decided to call it the Torino. At this time, Henry was divorcing his wife and dating an Italian jet-setter, Christina Vettore Austin, who he eventually married.

They had to change the name of the Torino to Mustang because of expected bad publicity. In 1968, he hired Bunkie Knudsen from General Motors as President of the Ford Motor Company, a position that Iacocca was in line for. Henry told Lee to be patient and that his turn would come. Henry appointed Iacocca president of Ford Motor Company on December 10, 1970. His favorite lunch was hamburgers, even though he could order whatever he wanted in the executive dining room. Henry believed in keeping people off-balance and anxious and used his power arbitrarily. He was insecure



in Iacocca's view and didn't believe in keeping personal records. He was also a heavy drinker. He fired Iacocca because he did not want him to become CEO if Henry died.

## **Mary Iacocca**

Mary Iacocca had been a receptionist at the Ford Assembly Plant in Chester, Pennsylvania. She had first met Lee in 1948 at a reception at the Bellevue Stafford Hotel in Philadelphia. They dated on and off for several years and were finally married on September 29, 1956 at St. Robert's Catholic Church in Chester, Pennsylvania. They bought a house in Washington, Maryland just before the wedding only to find that Lee was being transferred to Dearborn. He left for Dearborn the day after they returned from their honeymoon. They had two children Lia and Kathi. Mary died in 1983.

## **Charlie Beacham**

Charlie Beacham was the East Coast regional manager for Ford when Iacocca first met him. He was also an engineer who changed to sales and marketing and functioned as a mentor for Lee. He used to tell Lee to make money because that is what a profit-based system is all about and to accept responsibility for the mistakes he made. When he was transferred to Dearborn as head of car and truck sales for Ford, he brought Lee with him. He taught Iacocca how to delegate authority and about the importance of motivating people.

## **Hal Sperlich**

Hal Sperlich was part of Iacocca's team when he became head of the Ford Division, eventually following him to Chrysler. Sperlich was instrumental in producing the original Mustang and the Mustang II. He was Ford's top product planner. Henry ordered Iacocca to fire Sperlich in 1976.

## **Gerald Greenwald**

Gerald Greenwald was a Ford executive and a Princeton graduate. He worked on Ford projects in France and Venezuela. Iacocca hired him at Chrysler to set up the financial controls system. He went on to become the number two man at Chrysler within two years.

## **Robert S. McNama**

Robert S. McNama was vice president of the Ford division in 1956 and made the '56 for '56, a national marketing campaign. He later became the Secretary of Defense in the Kennedy Administration. He and his wife lived in Ann Arbor, Michigan.



## **William Clayton Ford**

William Clayton Ford is the brother of Henry. He owned twice as much stock as Henry, but did nothing when Henry fired Iacocca.

## **John Riccardo**

John Riccardo was chairman of the board at Chrysler. He is married to Thelma.

## **Paul Bergmoser**

Paul Bergmoser was a vice-president of purchasing for Ford.



## Objects/Places

### Allentown

Allentown is a city in Eastern Pennsylvania where Iacocca grew up.

### Bethlehem

Bethlehem, Pennsylvania is located near Allentown and is the location of Lehigh University.

### Lafayette

Lafayette is a town in central Indiana where Princeton University is located.

### Dearborn,

Dearborn, Michigan is a suburb of Detroit and the location of the Ford Motor Company headquarters.

### Chester

Chester, Pennsylvania is located near Philadelphia and the place where Iacocca secured his first sales position in a Ford district office.

### The Glass House is

The Glass House is the name given to Ford's World Headquarters.

### Tokyo

Tokyo is a major city in Japan and the location of Honda headquarters.

### New York City

New York City is in the eastern part of the state of New York and the site of many meetings.

## **Highland Park**

Highland Park is the area of Detroit, Michigan where Chrysler headquarters is located.

## **Washington DC**

Washington DC is the national's capital and the site of the Congressional hearings that Iacocca had to testify at.



# Themes

## Family Values and Compassion

Lee Iacocca was raised in a warm, nurturing environment. The family was comfortable until the Depression, when his father lost everything. They struggled, but survived since his father was in the food business. Lee never forget those days. He learned values and a sense of survival and compassion that remained with him. Lee was always a family man. No matter how busy he was or how far he rose on the corporate ladder, weekends and vacation were always spent with his family. He would discuss things with Mary, who always supported him in whatever decisions he made. Later, his daughters were a part of his circle of confidence. When he was fired by Ford, his daughter heard about it on the news. She called him and was very upset that he hadn't told her or the family about it. The fact was that he hadn't know about it himself.

Iacocca was compassionate in his dealings with people, which stemmed from his strong family values. He had to fire and layoff many people at Chrysler. He knew what it was like to be fired and tried to be as fair with them as possible. He also tried to be fair in all of his business dealings by looking at the other entity's position. His way of managing and dealing with people was very successful and based on his values. His involvement with the Statue of Liberty and Ellis Island project was done as a tribute to his parents, who were Italian immigrants.

## Ambition

One of the factors that motivated Lee Iacocca was ambition. He was determined to succeed. Much of this was due to his upbringing and father's experiences during the Depression. His father was always pushing him to succeed and to be number one, from the time he was in school. This motivated him to succeed at an early age in order to please his father. As a youngster, he had decided that he wanted to work for Ford and secured the kind of education that made it possible. Iacocca was interested in money and success and decided he could be more successful in sales and marketing than he could be in engineering, so he left the training program after nine months and found a position in a district sales office. He developed his own management style that he employed successfully at first Ford and then at Chrysler. He developed the management review system to promote communications between divisions, one of the most important factors in management. This was one of the first things he did at Chrysler, where he found an organization without much communication. Chrysler was saved because of Iacocca. He was determined to save the company and did whatever he had to, even reducing his own salary to one dollar for a year. His ambition and determination saved the company.





## Problem-Solving

Problem-solving is another theme of the book. This is especially true in Iacocca's years at Chrysler. When Iacocca walked into Chrysler, he found a company with departments that functioned as independent units with very little communication. As a result, the engineering department would design products that the manufacturing department couldn't produce. Iacocca, a strong believer in communications, very quickly assessed the problem areas at Chrysler and then hired the people he needed to deal with the management problems. As soon as his team began making the necessary change, the energy crisis and the recession occurred. Soon the company was faced with collapse and had to fight for its survival. Iacocca faced problems he never dreamed of at Chrysler, but always managed to find a solution, finally securing loan guarantees from the government. These \$1.2 billion in loans were paid back seven years early, as Iacocca turned the company around and made it profitable within a few years. Iacocca has the ability to correctly and quickly identify a problem and to formulate a solution, as he did when he first walked into Chrysler. These are the skills that made him such a good manager and business leader.

# Style

## Perspective

The perspective of the book is the perspective of the author, Lee Iacocca. The book is written in the first person point of view, which is appropriate for this kind of book. The book is Lee Iacocca's autobiography, with Lee Iacocca telling his own story. He explains the problems and obstacles that he faced and how he solved them. Iacocca is writing from his own personal experience. He explains why he did the things that he did and how he did them. Along the way, he presents his own views on things like communications, style of management and dealing with people. Since the book is his own autobiography, he is ultimately qualified to write the book. He is a graduate of Lehigh University and Princeton University, which gave him his background for business and the skills he used as he climbed the corporate ladder and saved Chrysler from extinction. Because of his background and business experience, almost anyone would find the book interesting, especially those in business or in business school. There is a wealth of information that they can learn from Iacocca's experiences and his method of solving problems. They can learn how companies should and shouldn't be managed and how he managed to save Chrysler.

## Tone

The tone of the book is more or less subjective, which is more or less expected for an autobiography written in the first person. The book is about Iacocca and written by Iacocca, so it is expected that he will express his own opinions about various subjects. This is one of the reasons why people read the book. They want to know what his opinions and views are in addition to the facts of the situation, and Iacocca expresses his views on a variety of subjects from family values to international problems. He expresses his views on the Japanese and why they are so successful in world markets because of the Japanese government's involvement in assisting industry. Their industry, labor and government all work together for success, whereas in America, labor, government and industry are all on different sides. Iacocca explains why he tried to be fair and compassionate with people he had to fire. He was fired himself. He knows what it feels like. Iacocca presents his views and comes across as genuine and honest, and the reader has to appreciate this. This is one of the reasons why readers read the book. Iacocca's views are a part of him as a person and a businessman and this is what readers want to learn about. They don't just want the facts, which is why the subjective tone is appropriate for the book.

## Structure

The structure of the book is simple and effective for this kind of book. The book is divided into four parts: Made in America, The Ford Story, The Chrysler Story and



Straight Talk. Each of these parts tells a different part of the story about Lee Iacocca. The first part of the book deals with Iacocca's family, childhood and school days. The second part deals with his career at Ford, while the third part tells his story at Chrysler. The last part deals with Iacocca's views on various subjects. There are twenty-eight chapters numbered in Roman numerals and titled. Each chapter deals with a specific area. The short Epilogue explains Iacocca's involvement in the Statue of Liberty - Ellis Island project.

There is an Acknowledgments section, in which he thanks various people. There is An Opening Word in which Iacocca explains his reasons for writing the book. The Prologue basically sets the stage for the book. There is an Index at the end of the book, which is very useful for the reader who wants to look up information, and a Table of Contents in the front.

The book contains a section of photographs, which allows the reader to associate names with faces. There are also a few pages of cartoon jokes pertaining to Chrysler.

The chosen format works well for the book. It is fast reading and written in a style the reader will appreciate.



## Quotes

"The necessity of weighing right from wrong on a regular basis turned out to be the best therapy I ever had."

Chap. 1, p. 8

"From what I've seen, you either get grounded in that kind of positive thinking early on in life or you don't. Establishing priorities and using your time well aren't things you can pick up at the Harvard Business School. Formal learning can teach you a great deal, but many of the essential skills in life are the ones you have to develop on your own."

Chap. 2, p. 21

"The Whiz Kids brought the Ford Motor Company into the twentieth century. They set up a system of controls so that for the first time each operation in the company could be measured in terms of profit and loss - and each manager could now be held responsible for the financial success or failure of his own area."

Chap. 4, p. 43

"As a group vice-president, I had a number of new assignments and responsibilities, especially in the area of advertising and promotion. But my chief mandate, as Henry made clear, was to rub some of that Mustang ointment onto the Lincoln-Mercury Division."

Chap. 6, p. 78

"By 1968, I was the odds-on-favorite to become the next president of the Ford Motor Company. The Mustang had shown I as someone to watch. The Mark III made it clear I was no flash in the pan. I was forty-four, Henry Ford had taken me under his wing, and my future never looked better."

Chap. 8, p. 86

"As for me, it wasn't hard to read the writing on the wall. Henry had waited until I was thousands of miles away in order to call a meeting where he usurped my power and responsibility - and where he also went against everything I believed in."

Chap. 9, p. 112

"A lot has happened since July 13, 1978. The scars left by Henry Ford, especially on my family, will be lasting, because the wounds were deep. But the events of recent years have had a healing effect. So you move on."

Chap. 12, p. 137

"They all knew that I was coming in to clean house, and each one was afraid he was going to be the target. They had no certainly in their lives. They were living in fear - and



for good reason. Over a three-year period I had to fire thirty-three out of the thirty-five vice-presidents. That's one a month!"

Chap. 14, p. 156

"The annual rate of car sales in this country dropped to almost half of what it had been. No industry in the world can survive in an economy that calls for double the investment with only half the revenues. For us, all bets were off. There were no rules, because we were in an unprecedented situation. These were uncharted waters."

Chap. 16, p. 185

"And punished we were. During the congressional hearings, we were held up before the entire world as living examples of everything that was wrong with American industry. We were humiliated on the editorial pages for not having the decency to give up and die gracefully."

Chap. 19, p. 219

"Our mission was the economic equivalent of war. Although no one was getting killed for Chrysler, the economic survival of hundreds of thousands of people depended on whether we could arrange the various concessions that the Loan Guarantee Act required."

Chap. 20, p. 229

"During our darkest days, the promise of the K-car was always the light at the end of the tunnel. For a couple of years, the prospect of an American-made, fuel-efficient, front-wheel drive car was just about all we had to offer."

Chap. 22, p. 251

"During my final two years at Ford, I protected Mary and the girls from most of what was happening at the office. When I was fired, I felt worse for them that I did for myself. After all, they didn't really know how bad things had become."

Chap. 23, p. 286

"But high wages are not the real problem between management and the UAW. The real problem lies in all the fringe benefits."

Chap. 26, p. 304

"Some people say that an industrial policy is nothing more than lemon socialism. If it is, I'll take a crateful - because unless we act fast, our industrial heartland is going to turn into an industrial wasteland."

Chap. 28, p. 334



## Topics for Discussion

What important things did Iacocca learn in school that he feels benefited him in his career and life? Why are these things important?

Iacocca describes his management style as being pretty conservative. What does he see as the two biggest functions of a manager? Why?

What are Iacocca's view on the ability to get along with people? To him, what does it mean when a manager says a worker has trouble in this area?

How does Iacocca characterize Henry Ford II? In what way did this contribute to his firing?

When Iacocca began at Chrysler, what management and financial problems did he find? How did this affect the company?

After Iacocca developed his management team at Chrysler, what problems did the company face and why? What was the role of world and economic events in the company's problems?

How did Iacocca solve Chrysler's problems? What kind of assistance did they receive to keep Chrysler from collapsing? What was the outcome?