

DET NEWS: Auto memoirs expose blunt talk behind closed doors

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A well-known insider writes a gossipy memoir accusing a top Ford executive of "getting sloshed every night," trashes incompetent Chrysler management and says General Motors "doesn't quite understand equality of sacrifice."

The revelations aren't from Steve Rattner's memoir recounting his five-month stint as the nation's auto czar that goes on sale Monday by Houghton Mifflin Harcourt.

They are from Lee Iacocca's 1984 self-titled best-selling autobiography -- considered by many as the granddaddy of auto memoirs released over the last half-century.

Iacocca's book paved the way for other insider tales of the auto industry's struggles over the past 30 years. Many have revealed behind-the-scenes accounts that shocked many for their bluntness, candor and jabs at people, products and the unions.

Nowhere was that more exposed than in Rattner's book, "Overhaul: An Insider's Account of the Obama Administration's Emergency Rescue of the Auto Industry," in which he recounts a conversation in which President Obama's chief of staff, Rahm Emanuel allegedly said "F--- the UAW" and separately how Sergio Marchionne, who went on to become CEO of Chrysler, said the UAW needed to get used to a "culture of poverty" rather than a "culture of entitlement." He also ripped many executives at GM and Chrysler, the White House's public relations efforts and other politicians.

Harsh words for an industry that has had famous labor disputes, but once settled, portrays relationships as cordial and accommodating.

Clearly, that's not the case and automotive memoirs show what it is really like behind closed doors.

Iacocca unleashed numerous shots at his then-boss at Ford, Henry Ford II, who fired Iacocca as president in 1978. Iacocca accused the late Ford chairman of "getting sloshed every night" and charging company shareholders for expensive bottles of French wine.

He also called Ford "evil," a "spoiled brat," a "bigot" and a "hypocrite."

Iacocca's book, which even had one section titled "straight talk," sold more than 2 million

copies in hardcover in its first year and more than 7 million copies in total.

Many auto executives don't write memoirs. Instead, as Iacocca, now 86 and living in California, writes, they take a "pension and go off quietly to Florida, never to be heard from again."

Most former Obama administration officials also haven't written memoirs, often because they hope to get another job in the administration. Rattner is the first to do so.

His book, like Iacocca's, opened doors not only to the auto industry, but to the White House as well.

Struggles all around

Rattner, who helped steer GM and Chrysler through bankruptcy at the request of President Obama, had front-row seats to it all.

But it wasn't just the Big Three that were struggling in one of the toughest auto industry declines ever. The supply base was crumbling and there were stories to tell about Troy-based Delphi Corp. In 2008, Delphi chairman and former CEO Robert S. "Steve" Miller did just that.

In his memoir, "The Turnaround Kid: What I Learned Rescuing America's Most Troubled Companies," he blamed the auto supplier's woes on the United Auto Workers union. He compared himself to a surgeon and Delphi to a "desperate patient who waited too long to seek treatment."

"I had become a national scapegoat for what ails Detroit," Miller wrote.

He, like Iacocca and Rattner, was frank and honest. He famously said before his book was released that it was inappropriate to pay union workers \$65 to cut the grass.

In an interview this week, Miller noted that reporters speed-read his book -- as many do for auto books -- for what's "shocking enough to report."

He also criticized Rattner's tenure at the auto task force.

He "brought in some Wall Street attitudes that sometimes conflict with our own view of life as Detroiters. The disrespect for Detroit was very evident in all of the political rollout," said Miller, who is now chairman of AIG.

Rattner quotes then-President-elect Barack Obama as saying "why can't they build a Corolla?" of U.S. automakers. Miller calls that the "ultimate put-down of everything GM was trying to do."

The blunt discussions chronicled in these books shed light on an industry that is crucial to the American economy, but often misunderstood.

Retired GM and Chrysler auto executive Bob Lutz, who is at work on his own book recounting his recent tenure at GM, spared no punches in his 1998 book "Guts."

Chrysler in the early '80s "was like a heart attack victim that had undergone an emergency transplant right by the side of the road for all to see -- and had survived!"

Lutz also recounted Chrysler's brush with death in 1990.

"There would be no red-white-and-blue EMS unit standing by to help us out," he wrote. This time Chrysler had to "heal himself."

Until 2008, that is, when the Bush administration stepped in with a \$4 billion bailout.

Rattner used the same metaphor. He said the 2009 decision to save Chrysler -- adding another \$8 billion to what the Bush administration infused -- was a "risky call."

"Until we see sales results ... we cannot know whether our surgery saved the patient," Rattner wrote.

Lessons not learned

Learning from the reports in these books, however, is another story.

In 1963, legendary GM CEO Alfred P. Sloan warned his colleagues and urged them to be prepared.

"Success, however, may bring self-satisfaction," he wrote in his memoir, "My Year With General Motors."

"In that event, the urge for competitive survival, the strongest of all economic incentives, is dulled. The spirit of adventure is lost in the inertia of the mind against change. Decline may set in, caused by the failure to recognize advancing technology or altered consumer needs, or perhaps by competition that is more virile and aggressive."

By 1963, GM was the largest and most powerful company in the world. It had 600,000 employees, built 4.2 million cars in the United States annually, had U.S. market share near 50 percent and annual profits in today's dollars of \$10.4 billion.

Sloan's words were not lost on Rattner.

"It had taken America's automakers my entire lifetime to come to the crisis they were in," he wrote.

Rattner recounted the arguments that convinced the Obama administration in March to extend another \$8 billion to Chrysler -- a spike in unemployment and billions more in short-term costs -- nearly identical conditions to what convinced Congress three decades earlier to rescue the automaker.

"We bottom-lined them," Iacocca wrote, noting the Treasury Department had predicted a Chrysler collapse would cost the government \$2.7 billion in welfare and unemployment payments. "I said to Congress 'You guys have a choice. Do you want to pay \$2.7 billion now, or do you want to guarantee loans of half that amount... You can " pay now or pay later.'

As it turns out, taxpayers paid twice. They were repaid the first time, but only time will tell if they get paid back again.

In either case, more memoirs and closed door details are sure to follow.