

Big Three Sales Soar Heading into New Year

by Gerald Scott
Editor
U.S. Auto Scene

No more “waiting to exhale” for the Detroit auto industry.

Revved by significant sales increases for all of the Big Three automakers both for the month of December and the calendar year 2010, the

Motor City welcomes the 2011 Detroit auto show this week with more excitement than perhaps we’ve seen in this entire decade.

Note that four of six finalists for the 2011 North American Car and Truck of the Year awards at the Detroit auto show are from the domestic carmakers. In fact, it’s hard to

remember a time when so many Big Three cars and trucks have been this well received at one time as the Chevrolet Volt and Cruze, Ford Fiesta and Explorer, Jeep Grand Cherokee and Dodge Durango are all separately earning critical raves and new sales increases.

AutoTrader CEO Chris Per-

ry summed up the transition between 2010 and 2011 this way: “As 2010 comes to an end with shoppers showing a still-strong focus on larger vehicles, we’ll be keeping a close eye on activity around the small car and green car segments to see if they heat up in 2011,” he said.

“New technologies such as

turbocharged engines that provide more power while maintaining efficiency – as well as small hybrid and electric cars have garnered significant media attention this year, and it will be interesting to see if those innovations are enough to attract today’s car shoppers.

“My guess is they will if the

continued economic recovery causes gas prices to rise significantly during 2011.”

All of that will begin to be answered at Cobo Center as the 2011 NAIAS kicks off with the first press day Jan. 10.

Finally, Kid Rock’s Ford Field concert is Saturday, Jan. 15, which is also the first day of the public auto show.



2011 Chevrolet Equinox

GM Sales VP Johnson: ‘We Sold More Vehicles with 4 Brands in 2010 Than with 8 in 2009’

by Christine Snyder
Staff Reporter
Tech Center News

It looks as if GM saved the best for last as it announced its final monthly sales figures for 2010.

“We had an absolutely great month,” said Don Johnson, vice president of U.S. sales operations in a conference call Jan. 4.

GM posted a 21 percent increase in total sales with 2.2 million for the year.

The increase was driven by its strong December retail sales, its best sales month of the year with a 27 percent increase over a year ago.

Despite an anticipated decline in fleet sales to rental companies in December, it was still the automaker’s best month in total sales.

“We are seeing business coming back to GM brands,” said Johnson. “Our message

is . . . we are back in business to stay and we want your business. It’s as simple as that.”

Johnson said the robust sales for GM’s pivotal year coming out of bankruptcy was due to the deliberate steps GM took. “We knew it would not be business as usual,” said Johnson about the automaker’s emergence from bankruptcy.

Johnson reflected on the “new” GM strategy that includes designing groundbreaking vehicles like the Chevrolet Volt, aligning its capacity with demand, a leaner dealer body, lowered incentive costs, and fewer brands.

“We sold more vehicles with four brands in 2010 than we did with eight in 2009,” said Johnson.

All four brands saw sales increases in December.

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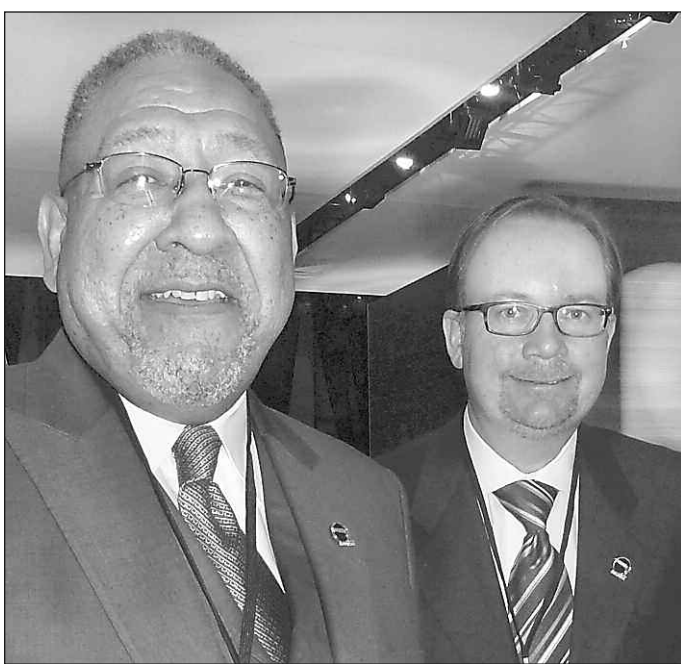


PHOTO: STEFANIE CARANO

Cobo Center prepares for the 2011 North American International Auto Show, while NAIAS Chairman Barron Meade, right, and Vice Chairman Bill Perkins tour the displays.

Ford Sets Up Multi-Level Displays As Detroit Auto Show Approaches

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

As Cobo Center welcomes the 2011 North American International Auto Show, NAIAS chairman Barron Meade said automakers are satisfied with their accommodations.

He said all vendors from the 2010 show are expected to return to the show floor this year, and Porsche will return once again after being absent from the show last year.

“Having Porsche back this year is validation that the North American International Auto Show is the place to get your message out in North America,” Meade said.

NAIAS Vice Chairman Bill Perkins said companies are

expanding their presence for this year’s show in the form of new, and bigger, displays.

Ford and GM have the same amount of square footage on the show floor as they did last year, Chrysler slightly less due to space accommodations, Perkins said. He said changes have been made to GM’s space.

“We gave them the back part behind their display where we used to have offices,” Perkins said. “It was an entrance to the charity preview, things of that nature. Now, that is square footage for the show.”

Perkins said GM is building an all-new display for 2011, though the Buick brand may retain some features from last

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Ford Leads Big 3 as Year’s Sales Rise 19 Pct., Giving Automaker Its Largest Increase Since 1984

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

Ford Motor Co. has reported the largest full year increase in sales since 1984.

In its December sales conference call, Ford announced a full-year sales total of 1.95 million, up 19 percent versus 2009.

“In many respects, 2010 was one of Ford’s best years ever,” said Ford Sales Analyst George Pipas.

Pipas said December sales were the company’s highest for any month this year and fourth quarter sales, estimated at \$12.8 million, were the highest for any quarter this year.

“December sales totaled 190,976, up seven percent versus a year ago,” Pipas said. “Retail sales were 136,000 units, which was the best retail month in 2010. In fact, you have to go back to August 2009 to find a higher retail sales month.”

He said fourth quarter sales were about 1 million units higher than the third quarter.

“And that’s a big step up from the sequential increase in previous quarters, which was much more moderate, more in the range of 200,000-300,000 units of increase as we move from Q4 2009 to the third quarter of this year,” he said.

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2011 Ford Fiesta

Alan Mulally Named CEO of the Year

CHICAGO – Morningstar, Inc., a leading provider of independent investment research, last week named Alan Mulally, president and CEO of Ford, as its 2010 CEO of the Year.

Morningstar’s annual award recognizes a chief executive who exhibits exemplary corporate stewardship, demonstrates independent thinking, creates lasting value for shareholders, and has put his or her stamp on an industry.

“All three of our nominees this year are skilled leaders,” said Paul Larson, equities strategist and editor of *Morningstar StockInvestor*.

“Alan Mulally has implemented various measures since he took the reigns of Ford in 2006 to position the automaker to compete better. We believe that consumer psychology, vehicle pricing dynamics, the growth in the pool of licensed drivers, and the physics of vehicle wear and tear have contributed to millions of units of pent-up demand in the U.S. auto industry since 2007.

“Ford has prospered under Mulally’s leadership, and we expect the company’s earn-

ings growth to rise over the next few years as the industry absorbs this latent demand.”

Although he was an outsider to the automotive industry before taking over at Ford, Mulally has proved himself through his execution of several significant changes at the firm:

Recognizing that rising fuel prices will continue to drive consumers to buy cars rather than trucks, which Ford and other Detroit automakers have long depended on for profit, Ford has shifted more of its focus to the production of high-quality cars.

The Ford brand was fifth overall in the 2010 J.D. Power and Associates Initial Quality Study, ahead of Toyota and Honda.

Ford is now building and manufacturing its automobiles on common, global platforms, which will improve economies of scale and allow the company to switch production faster to meet changing demand.

Beginning in 2010, the Voluntary Employee Beneficiary Association (VEBA) took over United Auto Workers (UAW) health-care costs from Ford,

an agreement that puts Ford’s U.S. labor costs nearly on par with its non-U.S. rivals’.

“Morningstar holds Ford in high regard although the company lacks an economic moat – a set of sustainable competitive advantages – and scores poorly on Morningstar’s stewardship scale. However, the reasons behind these ratings are not tied to Mulally’s performance,” Larson added.

“Ford has dual share classes and a high degree of family ownership. While we’d prefer to see a single share class so outside shareholders can exercise greater influence over the direction of the company, we put more weight on factors like Mulally’s efforts to procure as much cash as possible when he became CEO by opening new lines of credit and selling off non-core assets.

“When the recession and the credit crisis hit in late 2008, the company’s abundance of cash prevented Ford from having to rely on government aid like some of its competitors. Also, we expect Ford will use its free cash flow over the next few years to pay off its debts.”



Alan Mulally

The two other nominees for Morningstar’s 2010 CEO of the Year award were Jim Sinegal of Costco and Richard Adams of United Bankshares.

The Morningstar CEO of the Year award was introduced in January 2000. Winners are chosen by Morningstar equity analysts based on Morningstar’s independent research.

Morningstar, Inc., is a leading provider of independent investment research in North America, Europe, Australia, and Asia.

M-TEC Trains Workers in Medical, Pharmaceutical

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

Henry Ford Community College’s Michigan Technical Education Center on Schaefer Road serves as a regional center of training for current and displaced workers.

“Our automotive primary client has been Ford Motor Company,” said Tricia Llewellyn, HFCC M-TEC director.

At present, HFCC M-TEC serves local companies and

organizations that provide worker training in a manner that best serves their needs rather than offering a set curriculum.

“We never carry a standard catalog of courses because we’re focused on the customer,” Llewellyn said.

Recent coursework has included pharmaceutical and medical training as well as a class on social unionism, taught by Local 600 member Mark Zeigler.

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PHOTO: STEFANIE CARANO

Part of Henry Ford Community College, M-TEC on Schaefer Road provides training for Dearborn’s workforce, including the members of UAW Local 600.