

Carlisle Tells SAA That GM is Geared for Success

by Stefanie Carano
Staff Reporter
Detroit Auto Scene

As General Motors returns to profitability, the company now operates in an automotive environment that is fluid and evolving, yet certain things remain the same.

This was the theme presented by GM's Vice President of Global Product Planning Steve Carlisle to the Society of Automotive Analysts recently on GM's economic outlook.

"We've been through the painful but cleansing fires of Chapter 11 and come through it a leaner, more focused company, one very happy to be here and one more determined than ever to succeed," he said. "We're grateful for the second chance and don't expect to need, or get, a third one."

He said the IPO was 'hugely' important for the company.

"Financially, it was a very

important first step toward allowing our stakeholders to reduce their equity stake in the company," he said.

"Investors were enthusiastic about three important characteristics of the new GM:

- "World-class vehicles – they're receiving accolades from third-party experts, media and consumers;

- "A global-reaching scale with prospects for tremendous growth both here and in key markets such as China, India and Brazil;

- "And our significantly lower risk profile."

Carlisle said the IPO has allowed the company to invest in new products and new technology and, while bankruptcy resulted in a strengthened balance sheet and allowed the company to start making money again, it certainly was not a magic bullet for reinventing business.

"In addition to keeping our costs down, we need to boost

our revenues and we're working at warp speed to do exactly that," Carlisle said.

"In the U.S., we have four brands instead of the eight we had before and yet we still (sold) more vehicles last year than we did in 2009. December, in fact, was our best month in 2010 and our calendar year sales were up 21 percent. More importantly, our retail sales were up for the year 16 percent and we gained retail and overall market share over 2009.

"Our fleet retail mix is very good with fleet sales at over 17 percent in December and settling in at about 28 percent for the year," he said.

"Sales of crossovers like Acadia and Traverse, Equinox and Terrain, were very strong, a 50 percent improvement over 2009 and that puts us in a good position if fuel prices continue to rise."

Carlisle said inventory and pricing incentives are down, pricing discipline is solid and

both the average transaction prices and residual values are up.

"Some of our newly launched models are enjoying conquest rates of 50 percent," he said.

Carlisle said Buick's a good example of recent conquest sales, with models like the LaCrosse and Enclave seeing conquest customers from Japanese luxury imports.

He said compelling product is taking these customers.

"If you take a LaCrosse, starting with design, compelling design, the fluidic kind of sculpture as we say, and then very fine attention to detail on the interior with materials and fits and finishes, and then fuel economy – we're actually selling a pretty high mix of four-cylinder engines in that car, which is kind of unique in that class and unique for us," he said. "And then with Enclave, it's kind of a unique spot in the market, it's seven-passenger."



The GM Arctic Circle test group with the Chevrolet Volt in Alaska. Calibrating the Volt for winter energy use was a challenge.

Chevy Volt Keeps on Plugging Even in Winter Freeze

DETROIT – When the first Chevrolet Volts purchased by retail customers rolled off the delivery trucks in New Jersey recently, they were met with the season's first major blast of winter weather. The new owners quickly found out the world's first extended-range electric vehicle came fully winterized.

One of the goals in developing the Volt was to create a plug-in electric vehicle suitable for everyday use regardless of weather. Typical northern winters take an even bigger toll on battery-powered vehicles than on traditional internal combustion-powered cars and trucks.

Engines produce plenty of waste heat that can be used to warm the air in the cabin

and keep things comfortable. The inherently greater efficiency of an electric powertrain means less wasted energy, but it also means that the battery has to be used to power a resistive heater to produce that warm air – electrical energy could otherwise be used to propel the vehicle, which is one of the reasons why electric vehicles have a significantly shorter driving range in cold weather.

"It requires as much energy to heat the interior of a car on a cold day as it does to drive at a constant speed," said Susan Stevenson, General Motors benchmarking engineer for heating, ventilation and air conditioning systems.

The Volt has several features designed to minimize

the drain on the lithium-ion battery while still affording occupant comfort. The exclusive OnStar MyLink smartphone app or the MyVolt.com website can remotely start the Volt and warm the cabin while it is still plugged in and drawing power from the grid, leaving the battery with a full charge to maximize the electric driving range.

"The coldest weather I've experienced so far with my Volt was 18 degrees during a drive to the Poconos and I've had no complaints," said Jeffrey Kaffee, the first retail customer to take delivery of a Volt in mid-December. "Most of the time, I just use the Eco mode instead of the Comfort mode and it's been no trouble whatsoever."

Less energy is consumed maintaining the cabin temperature than heating it up, but even on the road the Volt has more to contribute. Heated seats available on the Volt require less energy to keep passengers warm and comfy than it does to heat the full volume of air in the car.

The Volt also can use the engine to generate some extra heat and electrical energy in sub-freezing temperatures. In sub-freezing temperatures, the engine will periodically cycle on and off, heating the coolant to create a reservoir of thermal energy that is then used to warm the cabin air. Using engine heat this way enables faster window defrosting and rear seat heating than energy from the battery.

Chrysler-EPA Project Looks at Hybrid Hydraulics

by Stefanie Carano
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Chrysler Group has announced it is partnering with the Environmental Protection Agency in a research project on hybrid hydraulic powertrains.

A hybrid hydraulic powertrain system uses pressurized fluid in addition to the engine to propel the vehicle. This fluid is used instead of an electric motor, as in a hybrid-electric system.

The Chrysler Group-EPA partnership is being used to determine whether to adapt a hybrid hydraulic system for large passenger cars and light-duty vehicles.

"It was mutually agreed to study the possibility of introducing an alternative hybrid technology, already available in large trucks, to a smaller vehicle through downsizing," said Chrysler spokesman Nick Cappa. "The motivation is inexpensive technology and a fuel economy improvement of up to 30 percent."

Cappa said the purpose of the study is to downsize hydraulic hybrid technology for packaging while yielding a significant fuel savings on passenger vehicles.

He said a hybrid hydraulic system is more than 50 percent less expensive than a hybrid-electric.

"Hydraulic hybrid vehicles represent the cutting edge of fuel-efficiency technology and are one of many approaches we're taking to save money for drivers, clean up the air we breathe and cut the greenhouse gas-

es that jeopardize our health and prosperity," said EPA Administrator Lisa P. Jackson in a statement to the press.

"The EPA and Chrysler are working together to explore the possibilities for making this technology affordable and accessible to drivers everywhere. This partnership is further proof that we can preserve our climate, protect our health and strengthen our economy all at the same time."

The hydraulic hybrid system being studied consists of a 2.4-liter inline four-cylinder gasoline engine, a 117 cc en-

gine pump, a 45 cc drive electric motor and a two-speed automatic transmission.

Hydraulic hybrid systems are currently being used in UPS delivery trucks and other fleets nationwide.

"In this hydraulic hybrid project, the Chrysler Group and EPA will evaluate and, hopefully, validate fuel-efficiency gains and greenhouse gas reductions," said Chrysler Group CEO Sergio Marchionne.

"One of the aims of Chrysler Group's integration efforts will be to meet driver expectations for smooth and

quiet operation, so that Americans will want to buy and will enjoy driving vehicles with this technology."

The research project is expected to take about two years and Cappa said it is very possible Chrysler Group will put the technology into production depending upon the results of the study and other technologies that may come to the surface in the next few years.

Marchionne had a busy week, first appearing at the Windsor Assembly Plant and then for the announcement with the EPA Administrator.



Chrysler Group CEO Sergio Marchionne and EPA Administrator Lisa P. Jackson announce a partnership to explore and evaluate how the EPA's Hydraulic Hybrid Vehicle technology can be applied to light-duty vehicles.

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The 2011 Dodge Grand Caravan minivan, which is produced at Chrysler's Windsor Assembly plant.

Chrysler Future 'Depends on' Two New Minivans – Marchionne

WINDSOR, ONTARIO – Joined by Chrysler Group CEO Sergio Marchionne, government officials and CAW leadership, employees at the Windsor Assembly Plant (WAP) last week celebrated the launch of production of the new 2011 Dodge Grand Caravan and Chrysler Town & Country.

The vehicles are two of the 16 new or significantly refreshed products the automaker debuted last year.

Marchionne and Chrysler Canada President and CEO Reid Bigland, along with Ontario Minister of Economic Development and Trade Sandra Pupatello, Ontario Minister of Finance Dwight Duncan, Windsor Mayor Eddie Francis, CAW President Ken Lewenza and other local officials, recognized the importance of the plant, the workforce and the new minivans to the future success of the Company during a ceremony at the plant.

"The new 2011 Dodge Grand Caravan and Chrysler Town & Country remain key parts of our revival plan," Marchionne told more than 1,200 employees in the audience.

"Our collective future is dependent on the success of this plant and these vehicles. We're in this battle together. We must continue to put our trust in each other and make a true, full-faith effort to work together."

Marchionne also reminded employees that it was with the assistance of the federal government of Canada and the Province of Ontario that Chrysler has been given an opportunity to create a future.

"Chrysler Group owes a deep debt of gratitude to taxpayers in Canada and the U.S. for the loans that enabled a reenergized, restructured company to emerge in June 2009," said Marchionne. "We recognize we have a moral responsibility to fulfill our promises, justify these investments and pay back every penny that was loaned to us."

In preparation for the launch of the new 2011 Dodge Grand Caravan and Chrysler Town & Country, the automaker has invested more than \$1.4 billion USD since 2008 for assembly, stamping, material handling and tooling, as well as improvements to the Windsor paint shop.

Windsor is currently the only Chrysler Group assembly plant that operates on three shifts with more than 4,400 employees.

"This is a proud day for Chrysler Group and the CAW as it launches two new minivans, thereby preserving good manufacturing jobs in Canada," said Lewenza. "Our commitment and effort over more than 25 years have played an important role in the success of the Dodge Grand Caravan and Chrysler Town & Country."

Chrysler Canada has played a vital role in helping

the automaker meet the goals outlined in November 2009, according to a company statement.

As it begins its 86th year, Chrysler Canada reported a sales increase of 26 percent in 2010, achieving the highest year-over-year sales growth in Chrysler Canada history and its 13th consecutive month of year-over-year sales increases.

As a result, Chrysler Canada gained two percentage points of share – more than any other manufacturer – increasing its market share to 13 percent.

Annual sales records were reported for the Dodge Grand Caravan and Ram pickup truck, with the Dodge Journey being Canada's best-selling crossover.

Additionally, the Dodge Grand Caravan was one of the country's top five best-selling vehicles.

Altogether, Chrysler's minivan sales in Canada grew by 37 percent in 2010. In fact, Chrysler Canada claimed 74 percent of the Canadian minivan market.

Production at the Windsor Assembly Plant also rose 62 percent last year and, overall, Chrysler's Canadian production rose 51 percent, making it the number two manufacturer in the country in 2010.

In preparation for the launch of the new 2011 Dodge Grand Caravan and Chrysler Town & Country, employees at WAP began transforming the facility as part of WCM, an extensive and thorough process to restore all facilities to their original and maximum functionality.

The rollout of WCM began with putting more than 4,400 employees through more than 30,000 hours of training focused on the principles of WCM and how to identify and attack waste and losses on the line.

As a result, employees have become more engaged with their work and submitted more than 30,000 suggestions on how to improve the processes at the plant. In fact, more than 3,000 employees at WAP have been involved in suggestions and continuous improvement activities in 2010.

Additionally, WCM has helped eliminate unsafe conditions, with a 52 percent reduction in injury frequencies.

Another area of significant improvement has been the area of autonomous maintenance. Workers take responsibility for cleaning and inspection of equipment in order to eliminate breakdowns. In the body shop, this has resulted in running more than one year without a breakdown due to lack of basic conditions.

In the paint shop, employees restored the 12-year-old robotic sealer application equipment to its original condition. The team then benchmarked an idea from Fiat to incorporate plastic coverings.