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OAKLAND BUSINESS REVIEW

Chrysler, GM go back to the future

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BY HOWARD LOVY
hlovy@mbizreview.com

It seemed like the best of times and the worst of times for combatants in the green revolution, when the opening shots fired during preview events at the North American International Auto Show appeared to tell a tale of two car companies.

DaimlerChrysler AG went "back to the future" - all the way back to 1984 - to try to recapture the success of its gas-guzzling goose that laid the golden egg: the minivan. The 2008 incarnation of the Chrysler Town & Country will be unabashedly one big comfy machine - with its "family room on wheels" featuring chairs that swivel 180 degrees.



General Motors Vice Chairman Bob Lutz and General Electric Co. plastics chief Greg Adams: Forging an alliance in front of GM's new Volt electric car.

Photo by Howard Lovy

At the same time, rival General Motors Corp. seemed to set out in a different direction, going out of its way to show that market forces and public criticism are actually beginning to light a fire underneath its once-lost-now-found electric car program. GM's unveiling of its Volt all-electric concept car drew praises not only for its use of cutting-edge technologies and materials, but also doing it with a sense of style.

That's where this also becomes a tale of two generals - General Motors and General Electric. Greg Adams is the guy in charge of plastics at GE, and much of his work can be found inside and surrounding the Volt concept. New composites developed by GE specifically for GM give the Volt's roof its transparent yet hard and scratch-resistant gloss, reinforces material surrounding the air bags, absorb energy better in the fenders and doors, and does it all while weighing 30 percent-50 percent less than conventional materials.

And if the Volt's electric engine and lighter weight were not enough to

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make green activists at least spend a second of thought on what GM is doing in response to their criticism, here's something else: The new materials are created, in part, out of recycled water bottles.

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Adams said GE "upcycled" the bottles and reincarnated them into extra-tough plastic composites. "So, believe it or not, there are 400 post-consumer water bottles that have made up the parts that are on this car," Adams said shortly after the unveiling of the Volt. "That water bottle, that would have had had a short life for us as a consumer now has a 10 or 15-year life as a part of a car."

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It's all part of GE's "ecomagination" campaign emphasizing the company's focus on more environmentally friendly products.

From GM's point of view, the Volt finally makes sense, whereas a decade ago, it did not. "In the old days, we were sort of against electric vehicles because we knew the battery technology wasn't adequate," GM Vice Chairman Bob Lutz said. "And we knew we were going to create dissatisfaction and we knew they would be a tough sell. And guess what, they were - other than (with) a hearty band of people who were extremely enthusiastic about electric vehicles."

Today, it's a different story. The convergence of new technologies, lower cost, consumer interest and competitive need have finally ended any questions over whether GM had ever "killed the electric car."

That's all fine for GM, but Chrysler Group chief Tom LaSorda decided instead to emphasize, for public consumption, what he called the company's "bread and butter." And that means products that are all function, little style. He sent members of the media on a nostalgic drive back in time to what now seems like a distant past, when DaimlerChrysler was just Chrysler, a gallon of gas was \$1.21 and the sweet clanging sound of work could be heard from Detroit-area assembly lines, some of them stamping out the first Plymouth Voyagers and Dodge Caravans.

LaSorda boasted about Chrysler's continuing position as minivan sales leader. "Not everybody has figured out the right ingredient that makes the minivan successful. In fact, some competitors have gotten out of the kitchen altogether," LaSorda said, in a not-so-veiled dig at GM, which has admitted that it will probably ditch its minivan products to focus on the "crossover" vehicle market.

Later that day, after GM announced its Volt concept vehicle, GM's Lutz responded with a jab of his own.

"I view it from my own family, my acquaintances, and after they've had two or three minivans, they say, "Um, what else have we got here with seven or eight seats," Lutz told reporters. "I'm not saying that the minivan is going away, or that it's a stupid body style. All I'm saying is that when we looked at our allocation of resources, we decided to put it into crossovers."

Viewed from the outside, it almost looks like the auto industry is pretending as if the past year never happened - the year when the auto industry hit rock bottom as a result of its reliance on sales of gas-guzzling, road-hogging boats - aka the SUV, aka evil incarnate if you count yourself among the increasingly fashionable environmentally conscious.

David Cole, an analyst with the Center for Automotive Research in Ann Arbor, says that even though its minivan sales are down from 1 million

to about 700,000, Chrysler still needs to be Chrysler in order to survive - and that means not losing its lead position in a shrinking yet still significant market for functional family vehicles.

"Families might not drive them as often when gas prices go up," Cole said, "but the market still exists for the "large people hauler."

Simultaneously, Chrysler is working with BMW to come up with a kind of hybrid Suburban capable of 25 miles per gallon to compete with GM's "crossover" vehicles that combine the functionality of a minivan with the strength and utility of an SUV or wagon.

One thing that neither Chrysler nor GM mentioned, however, was the 2,900-pound hybrid in the back of the hall. Sitting all shiny, its grill appearing to grin, in the back of Cobo Hall, was the Prius - the popular hybrid that helped Toyota become an uninvited fourth in what was once, seemingly long ago, a party of three.

Howard Lovy covers manufacturing and technology for Oakland Business Review.



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