BusinessWeek

The Worst Managers: Jurgen Schrempp; DaimlerChrysler

Business Week. New York: Jan 12, 2004. , Iss. 3865; pg. 72

Section:	*The Best & Worst Managers Of 2003 -- The Worst Managers*
Publication title:	Business Week. New York: Jan 12, 2004. , Iss. 3865; pg. 72
Source Type:	Periodical
ISSN/ISBN:	07398395
ProQuest document ID:	522737421
Text Word Count	292
Article URL:	http://gateway.proquest.com/openurl?ctx_ver=z39.88-2003&res_id=xri:pqd&rft_val_fmt=ori:fmt:kev:mtx:journal&genre=article&rft_id=xri:pqd:did=000000522737421&svc_dat=xri:pqil:fmt=tex t&req_dat=xri:pqil:pq_clntid=9269

Full Text (292 words)

When DaimlerChrysler Chief Executive Jurgen E. Schrempp sealed the merger of Daimler Benz and Chrysler Corp. in 1998, he told shareholders to "expect the extraordinary" from the $157 billion, world-spanning auto company. Five years later, his grand scheme has proved extraordinary -- but for all the wrong reasons. Chrysler was supposed to produce a $2 billion operating profit in 2003. Instead, analysts expect a $360 million loss for the year. Despite new models chockablock with German components and styling, Chrysler's market share is eroding. Schrempp, 59, blames a tough U.S. market -- but savvy Japanese auto makers have increased U.S. sales and produced a profit.

Schrempp's woes don't end with Chrysler. Mitsubishi Motors Corp., 37%-owned by DaimlerChrysler, says it's expecting an operating loss of $404 million for the fiscal year ending in March. Mitsubishi went on an ill-advised credit binge, luring young U.S. buyers with generous terms. After mass defaults, Mitsubishi tightened credit controls, only to see its U.S. sales tank. Even Mercedes-Benz took a body blow. Market researcher J.D. Power & Associates Inc. ranked the world's most exclusive luxury auto brand a dismal 26th in long-term quality. Schrempp declines to comment.

With all that has gone wrong since the Chrysler deal, it figures that Schrempp and team would be dragged into a courtroom. In August, Daimler paid $300 million to settle a class action that claimed Schrempp misled investors when he called the deal "a merger of equals." That was just a prelude to the $2 billion trial that got under way in December, in which billionaire Kirk Kerkorian, a former Chrysler shareholder, is suing Daimler for failing to pay a takeover premium.

Can it get worse? For shareholders, maybe: Schrempp's friendly supervisory board is already talking about renewing his contract.