

## **FIAT AND CHRYSLER IN BRAZIL: THE ANATOMY OF AN ALLIANCE**

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This article presents a descriptive case study reporting the global strategic alliance between the Italian automotive manufacturer *Fabbrica Italiana Automobili Torino* (FIAT) and the North American *Chrysler Group LLC* (Chrysler) in the Brazilian market. The observations took place between 2009 and 2011, when the negotiations between the companies were concluded. Such alliance is the companies' response to the global economic crisis in 2008, which sparked major global and strategic alliances between organizations from the automotive industry, seeking constructive solutions to the problems that have affected the segment. This alliance is unique and the first between the two companies regarding to the Brazilian market. How to integrate two different organizational cultures in a Latin American country is one of the challenges faced. This study throws more light on companies' alliances as strategic solution to face economic crisis.

**Keywords:** strategic alliances, negotiation, organizational cultures, global economic crisis, FIAT and Chrysler.

### **Introduction**

The steady march of globalization has led large organizations to establish strong strategic alliances in order to ensure their survival, and to maintain competitiveness. Klotzle (2002) argues that globalization not only requires the presence of key markets, but also increased productivity, reduced costs, improved product quality, as well as investments in employee training, and development of new technologies. In this sense, strategic alliances enable the survival to the great instability in the market, so that organizations remain competitive.

Taking into account the relevance of this kind of association, the present work aims to presenting a case study on the strategic alliance between the Italian car manufacturer FIAT and the American Chrysler. Two points are considered core themes in this research: 1. the partnership between FIAT and Chrysler that came up with FIAT Chrysler Group; 2. the methodologies used to restructure the American company, after the economic crisis in 2008. The research aims to assess the economic background of

the two automakers during the critical period, and describe the process of uplifting Chrysler through the alliance with FIAT.

The economic crisis that devastated the world in 2008 led to the formation of the strong alliance between these two companies. This type of association is done by organizations as a way to have access to each other's valuable resources, which can be complementary to each company. The economic crisis in the United States weakened several organizations within the country. At that time, American automakers were completely weakened by the bursting of the credit bubble, and Chrysler was the company that experienced the worst background. As a result, bankruptcy would be the only survival strategy. In order to avoid it, the U.S. automaker Chrysler needed a strong ally, which should help it reshape its way of running the business, and promote technological restructuring in its way of producing cars. Also, it was necessary to create new, smaller, economical and efficient models to compose its portfolio of large and luxury cars. FIAT, which also has struggled with the effects of the crisis started in the United States, proposed the alliance without making any investment in the American company. Besides, it offered technology and models of smaller cars with fuel-efficient, unlike Chrysler models. FIAT has become the perfect ally in that hard situation experienced by the American company. In fact, it was all that Chrysler needed. Both organizations were facing serious problems and the formation of a partnership of this kind would fit perfectly to face with the critical global background. Eisenhardt and Schoonhoven (1996) assumed that the tendency to form an alliance is greater when potential partners are in vulnerable strategic positions, that is, when they need resources.

The resources from one company would be added to the resources from the other, and create a strong global competitor. FIAT and Chrysler needed each other to survive and to maintain competitiveness in the global market. However, for the partnership between the two automakers to be successful, it was necessary to establish a single organizational culture that

would be able to rebuild Chrysler and integrate it to FIAT. As a result, it would create a homogeneous group and direct it to excellent results, despite the multicultural challenges.

## **Methodology**

This interpretive multiple-method research, combines descriptive case study method (Yin, 1988), first hand observation in-depth interview, and people direct participation. Data were collected through documentation, first hand participant interviews, influenced by Goffman's (1959, 1961) dramaturgical theory. The WCM or World Class Manufacturing is the unit of analysis (Yin, 1988). One of the authors has participated directly on the whole process. Also, one in-depth qualitative interview was conducted through the usage of semi-structured questionnaires sent by e-mail (100 per cent response rate). The respondent was invited by phone call and e-mail. Primary data were collected by audio recording. The respondent answered one hundred percent out of three questions posed. The interview was conducted entirely in Portuguese and then translated into English. The interviewee allowed to be quoted with no restrictions on disclosing information. Data gathered were transcribed and coded through descriptive and In Vivo coding, the latter selected in order to preserve the narrative's vividness and first-hand observation, to honor the participant's voice (Saldaña, 2013, p. 91). Primary data were then analyzed through text analysis. Secondary data were gathered through

literature review and research archive. Findings are discussed further. The interview is not a natural situation - it involves the parlance between two strangers. This study is based on direct observations, which could be interpreted differently by others.

## **Background: The automakers Fiat and Chrysler and the economic crisis in 2008**

### **FIAT**

The car company that would become *Fabbrica Italiana di Automobili Torino* (FIAT), was born in a cafeteria similar to Starbucks, called Cafe Burello, in the late nineteenth century. The decadent tavern was the meeting point of businessmen who came to the city of Turin interested in selling and buying horses, and carriages. Giovanni Agnelli, a former military and Rural gentleman, and a group of aristocratic friends, used to meet frequently to discuss ideas in this café. These meetings were, to some extent, responsible for the very beginning of the automotive industry in Italy. All friends were young, enthusiastic and came up with ideas that have transformed the automotive industry: they were interested in building horseless carriages.

At first sight, the ideas of this group might sound absurd. However, they were fundamental to set up one of the biggest car companies of the world. Originally, the group envisioned to compete with the French automobile market and develop major innovations for racing cars. However, the organization took a different path, thanks to the futuristic ideas of Giovanni Agnelli, who envisioned a line of mass production. The technological focus of FIAT has always been linked to small, economical and efficient cars, not forgetting the modern and aggressive design, and new technology. A subsidiary in Brazil was founded in 1976, in the city of Betim, Minas Gerais, committed to bring pioneering, innovation and sustainable production in the country. It produces around 900,000 cars per year, and it has been the sales leader in Brazil for 11 years. Besides, the factory is considered the most important one outside Italy. The Brazilian plant is responsible for the increased production of FIAT cars in the world.

### **Chrysler**

Chrysler was founded in 1923 in Detroit, the United States. Walter Percy Chrysler, former vice chairman of *General Motors*, in partnership with the Willys Overland and Buick, owners of *Chalmers* and *Maxwell*, decided to set up his own company. The infrastructure of the Maxwell Motor Car was the basis for the construction of a car factory. The following year, the automaker would redefine its concept of passenger cars, introducing the model Chrysler Six, the first brand vehicle that included a six-cylinder engine and other options, considered innovative for that time, such as four wheel hydraulic brake model. In June 1925, it officially becomes *Chrysler Corporation*, as successor to the *Maxwell Motor Car*, which began producing cars in series. In 1928, Chrysler increased its stake in the U.S. vehicle market by purchasing *Dodge*, an automotive company with solid reputation in manufacturing durable and reliable vehicles.

During the Great Depression, Walter Percy Chrysler dared to introduce to the market the most innovative cars of all time, despite the critical economic period: the AIRFLOW 1934, inspired by the fighter aircrafts in flight. These observations allowed the comparison between cars and planes, bringing the idea that those cars could be designed to be as efficient as possible. The technological focus of Chrysler was always

passenger cars-oriented, showing bold design, combining performance and practicality, as well as being a defining trend in the global automobile industry.

### The economic crisis of 2008

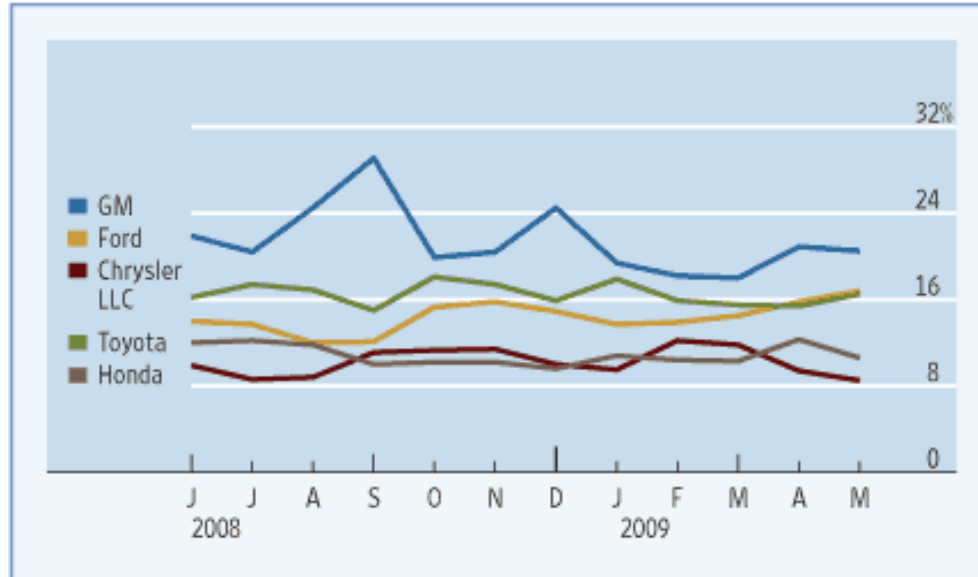
The global economic environment in 2008 was catastrophic, affecting many countries. As noted by Clark (2000), in *Behind the Scenes at FIAT: The boldness of a tradition*, the situation of the American automotive industry was very critical. The author gives a brief scope of it, confirming the propositions of authors:

The U.S. auto industry was imploding. The absence of credit had dried up the demand for new cars, leading automakers to burn their cash. The Big Three of Detroit had gone to Washington DC to seek emergency aid from the government, but they did not convince. According to the critics, their reports were seen as management failures and inability to compete in the market.

Chrysler was under the control of *Cerberus Capital Management*, a private equity fund, which was acquired by Daimler AG in 2007. Due to the credit bubble in the United States in 2008, Cerberus was obliged to withdraw their investments from the automaker. With the withdrawal of capital from this fund, the situation of Chrysler, which was already critical, became worse.

**Table 1.** Car sales in the United States in 2008-2009.

Graph of the automakers in the U.S. market (Chrysler in red letter)



Source: The impact of the global economic crisis in the automotive industry: a case study on General Motors

Negotiating a billionaire loan for Chrysler with the U.S. government was one of the solutions found by the organization to try to survive. The U.S. government resisted in supporting it: according to the president, Chrysler needed more than money to stay in the market, and avoid bankruptcy. The automobile organization needed rethink its business model, and start over with a different structure. Das & Teng (2000) argue that the more resources in a company are characterized by imperfect mobility, imperfect

inimitability and imperfect substitution possibilities, the greater the possibilities for organizations to engage in strategic partnerships.

The biggest challenge faced by Chrysler in that period was to convince the U.S. government that it was possible and feasible to save the company. For the government, the salvation of Chrysler depended on the formation of a partnership, and this was one of the conditions imposed for the loan to be conceded. U.S. banks blamed the government in assisting the company to find an investment that makes sense for the automotive market. In order to concede the loan, the U.S. government established some conditions, including: economic long-term viability, international competitiveness, and fuel-efficient vehicles. According to Clark (2012), Chrysler's plan included an item in which the company should put efforts on developing partnerships, strategic alliances or consolidation as a way to expand its portfolio of products.

At the same time, in Italy, negotiators from FIAT cars were instructed by their worldwide CEO Sergio Marchionne, to have access to products that were not produced by FIAT.

The alliance represented the combination of great interest for both sides, taking into consideration the catastrophic economic environment in which Chrysler was immersed, and FIAT's necessity to increase its portfolio of products, expanding to other markets. This alliance made the union possible, from the point of view of complementarity, and the necessities from both sides. According to Das & Teng (2000), the partners' task forces contribute for increasing the number of resources, and the total competencies of their alliance. Consequently, it increases their efficiency. Together, the two automakers could build a partnership that would make them a potential global competitor, because of particular characteristics: Chrysler, with its luxurious designs and bold design could bring to FIAT a great diversification in its product portfolio. Furthermore, FIAT would bring new technology and management methodologies to Chrysler. Mowery, Oxley & Silverman (1998) confirm this proposition, and argue that the role of technological capability of different companies can be crucial to the strategic decision to form an alliance.

(...) Roberto Baradi, manager in the Department of Corporate Communication in Brazil, said in an interview that Marchionne began to focus on a profound change in FIAT. In 2008, the CEO gave a historical interview to the magazine *Automotive News*, in which he affirmed: "Only automotive conglomerates that produce more than six million units per year will survive; Under six million units per year, you do not have scale to compete globally. Chrysler and its partners, Jeep, Dodge and Ram are companies that produce about 2.1 million cars per year; FIAT produces 2.4 million; Chrysler produces 2.1 mi. After establishing a partnership, Chrysler got a high level of synergy that enable it to achieve what Marccione envisioned previously on, such as the perfect break over point for a global automotive group."

In order to guarantee their survival, both sides had to be articulated. In the United States, for example, at the end of President George Bush mandate, Chrysler received from the government \$ 17 billion dollars on an emergency basis. The rest would be consolidated by the next president in a long-term concession. The Restructuring Plan for Chrysler allowed the Italian automaker to take part in the alliance. FIAT was the only automaker to demonstrate interest, since its experience would make possible a transatlantic fusion.

The Italian company used to produce smaller cars, and worked in Europe and Latin America market, while Chrysler produced few models such as pickup trucks and mini vans, considered sales success, but it had no international presence. Taking into account this background, Chrysler needed FIAT to divide the necessary investments to make it

internationally competitive and give it the ideal mix of products that can compete with the economic models of Honda, Ford and Hyundai.

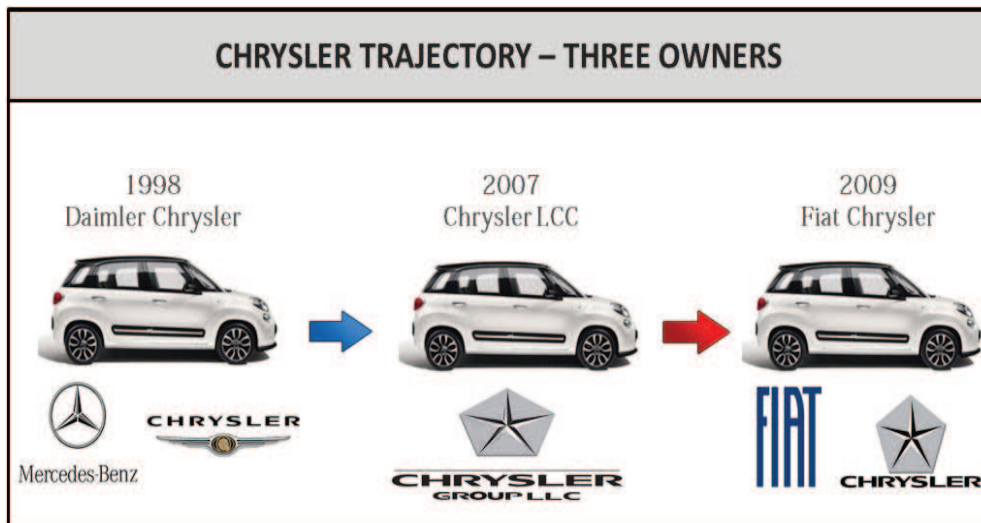
The negotiation process of this alliance was very audacious on FIAT side. According to the world CEO Sergio Marchionne: "(...) The company [Chrysler] is broken. The only thing they can do is disassemble it and eliminate the cars from the patio. There is only one person who can fix it and he is telling you now - I will not make investments in it. I can fix it, but it is not fair to pay for it." The CEO of the automaker was not willing to succumb and FIAT was undoubtedly the only choice that would keep Chrysler alive, and avoid its bankruptcy.

FIAT technology could have a stipulated price for trading purposes, and the challenge would be to create an agreement forcing the Italian firm to share its technology. The negotiators kept in mind that it was necessary to seek an agreement relationship-based, since negotiating something unjust or trying to take advantage of Chrysler's vulnerability could impede the association between them.

In the negotiation process for the fusion between the two automakers, there were eight interested parties, such as Chrysler creditors, FIAT representatives, bankers, executives from Chrysler and the workers union. The great challenge of the negotiators was to combine the interests of these parties to FIAT's so that they would conclude the agreement. The financial support that president Obama provided FIAT allowed certain advantage to it in the negotiating process. The U.S. president said to banks and the United Automobile Workers of America, UAW: "(...) Or FIAT or nothing."

On April 30, 2008, in Washington DC, the senior management of the two organizations signed an agreement that granted to FIAT 20% stake in Chrysler's business, with no investment in cash. Thus, the agreement was established through rules that conditioned the stake in Chrysler's business to meet some pre-determined outcomes, such as: (1) initial stake of 20% (twenty percent) reaching intended 35%, **if achieved particular levels**, such as selling a car whose consumption was 17 miles per liter. The U.S. Treasury demanded a pricing model based on the market so that Fiat could raise its stake from 35% to 51%, besides establishing the mandatory refund of the public money before this step.

In order to rebuild Chrysler, FIAT and UAW1 agreed about a methodology that would eliminate waste and enable better quality control. FIAT had a methodology, the *World Class Manufacturing Methodology*, which was already used in its factories worldwide, and would eradicate waste and boost quality control. For FIAT win challenges, it was necessary to operate with the least possible restrictions, and act with an efficient methodology and known by the automaker.



### **The World Class Manufacturing Methodology**

Fiat led the whole process of negotiation between the parties during the formation of the partnership based on relationship. Therefore, caution was needed in the process, since the U.S. automaker was in a weak position. Any discomfort could make the whole negotiation fail. One strategy used was to treat the workers' union courteously, since it was necessary to convince them that FIAT had know-how for rebuilding Chrysler.

As the support of the union was assured, FIAT was in its way to strategize the uplifting of Chrysler, and disseminate within the car company a feeling of joining forces to avoid bankruptcy, and consequently the loss of thousands of jobs. In order to make it possible, FIAT aimed to establish few possible restrictions, and implemented new methodologies such as the WCM program, which has been used in the Italian company, achieving satisfactory results.

Since both companies were going through a critical period, it was important to be cautious while leading the process, taking into account the different expectations from all sides: on one hand, the Italian company, which was the third organization to take control of Chrysler; on the other hand, the American employees, who were hopeless, and believed it would be just another company trying to save it. Therefore, the restructuring plan for Chrysler included, among other proposals, focusing on people. The core idea was to target the human capital, by making them aware through the motto "together we will be stronger." In this sense, FIAT provided an opportunity to create task forces that would make possible Chrysler's rebuilding, and bring significant results that prevent from bankruptcy. American reviewers were aimed at the change, and it was noticed that they were open-minded and able to take part in the WCM methodology, much more than the Italians in FIAT.

The WCM methodology focused on speed, as stated by Clark (2012). After inspiring the same ideas and passing on values to employees from FIAT and Chrysler, the technology transfer from Italy to the United States was much faster, allowing the restructuring of Chrysler, and paying the debt to the government before the predefined deadline.

This methodology started to be used in FIAT as it was needed to solve the problems related to mass production. Its foundations are strongly rooted in the Toyota Production System, known as TPS<sup>2</sup>. The WCM is a set of concepts, principles, and techniques to the management of operational processes of a company, which has its origins in the Toyota Production System. In FIAT, it started to be implemented in 2005 and its creation is entirely due to Dr. Hajime Yamashina, who is an Emeritus Professor of Kyoto University, and a member of the RSA (Royal Swedish Academy of Engineering Sciences) (note), one of the greatest scholars of TPS.

### **The Toyota Production System**

The Toyota Production System has been changing since 1950, and it is seen as the seed of the Japanese management model, which is based on the ideas of experts in quality, and especially in the techniques of Henry Ford and Frederick Taylor. It was created by Eiji Toyoda and Taiichi Ohno, Toyota's chief engineers. The Toyota Production System is an enhanced version of ideas from the great pioneers of the administration version.

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<sup>2</sup> TPS or Toyota Production System

As stated by Maximilian (2006), Toyota Production System is a stage in the history of the techniques that has been evolving since the first production systems were invented.

The most important principles of the Toyota Production System are: waste reduction and quality in manufacturing. Reducing waste means producing and saving resources at the same (this principle gave rise to the concept of *Lean Production*). The second principle, quality in manufacturing, sets the goal of producing virtually without defects. These principles enable the manufacturing of high quality products and low price.

The system of mass production developed by Frederick Taylor and Henry Ford, who started at the beginning of the twentieth century, prevailed in the automotive sector until the 90s. This system aims to reduce the unit costs of the motor through the large-scale production, specialization and division of labor. The method of mass production had inefficiencies which caused many problems, such as stocks and lots of high production, providing higher supply than demand and low demand; specialization for workers to develop their tasks (in this type of system each person had a unique function in the system conveyor that moves the car into the line production. If a procedure was not performed correctly, all others would be in risk of failing); poor working conditions and little or no concern for quality in product. The Toyota system attacked these difficulties, as they also worked with mass production, which solved these problems with the introduction of *Just in time* methodology, allowing production on a small scale, enabling a greater variety of products. In this sort of system, the concern with the quality of the product is extreme and workers are multifunctional. In other words, they have the know-how of other tasks beyond their own activity and can operate more than one machine. This system allowed the creation of several simple techniques, but extremely efficient to achieve the expected results, such as Kanban and Pokayoke.

### **The advantages of WCM methodology**

The WCM is an integrated cost reduction management system, and aims to optimize logistics, quality, maintenance and productivity to world-class levels, through a structured set of methods and tools. It is based on three essential elements: 1. systematic manner to avoid any sort of waste and loss throughout the supply chain (customer-supplier-suppliers); 2. people's involvement and the development of their skills; 3. rigorous use of appropriate methods and tools for inefficiencies process. Its general objective is to develop world-class level, the operating performance of the organization to achieve world-class competitiveness. The great novelty introduced by WCM is based on the full implementation of the principles of the Toyota Production System for all the company's processes, including customers and suppliers.

The method has two main positive characteristics. First, it employs leaders on the shop floor workers to engage in reengineering their processes. Second, it gives workers the means to assign monetary values to each type of waste, helping to prioritize the areas that should receive attention first. Combined it facilitates the implementation, as people begin to see results and feel motivated to continue. (Clark, 2012, p. 297)

In order to make WCM to work properly, the application of some instruments is essential for strengthening the process: (1) involvement of people (everyone should believe the most in the methodology as a whole); (2) investment in people's skills (as a lever of the whole structure of the organization). To make it work properly, the lean production system should create an environment where: (a) care about safety as value-based, (b) the customer's voice is heard in the workshop; (c) any sort of wasting is not



accepted; (d) methods should be applied with rigor and tenacity; (e) all anomalies should be visible; (f) involvement of the people as the engine of change.



Figure 1. - World Class Manufacturing Pillars

The ten technical pillars of WCM are the following: (1) Safety (Occupational safety); 2) Cost Deployment (Distribution of Costs); (3) Focused Improvement; (4a) Autonomous Maintenance; (4b) Workplace Organization; (5) Professional maintenance; (6) Quality Control; (7) Logistics & Customer Service; (8) Early equipment management; (9) People Development; (10) Environment (and Energy).

The ten pillars of management are: (1) Management Commitment; (2) Clarity of Objectives; (3) Route map to WCM, (4) Allocation of Highly Qualified People to Model Areas; (5) Commitment of the Organization; (6) Improvement towards Organization of Competence; (7) and Time Budget; (8) Level of Detail; (9) Expansion of Level; (10) Motivation of Operators.

The implementation of WCM at Chrysler would rid the automaker structure exaggerated costs, promote efficiency and change the organizational culture. One of the bases of the WCM methodology reinforces the importance of involving people in the organizational processes. Thus, everyone should believe the most in the program and as a whole. One of the strategies used by FIAT senior management in the recovery process of Chrysler was seeking to establish a culture oriented to the principles of WCM methodology. In other words, everyone from the shop floor to senior management should be convinced that the *World Class Manufacturing Methodology* would be able to transform the automaker and help the company to survive in order to avoid a collapse.

(...) Roberto Baradi, said in an interview that in the past, more precisely in 2008, FIAT enabled Chrysler's rebuilding as well as its partners' – Jeep, Dodge. Nowadays, the two companies are totally restructured, and Chrysler is completely reorganized.

## **Discussion**

This case study reflects on the process of strategic alliance between the Italian automaker FIAT and the U.S. automaker Chrysler, which came up with FIAT Chrysler Group. Such alliance can be extended to other organizations in the same situation, like Fiat and Chrysler (external validation), if taking into account the economic background in 2008. The methodology that restructured Chrysler – WCM, is here the core unit for the case study. In this sense, the efforts made by the two automakers helped to create a new framework that can be replicated by other organizations both in relation to strategic alliances, and to the methods of lean production - WCM.

The WCM is considered the key factor for Chrysler's rebuilding, since it focused on speed and restructured its production method. Furthermore, it is important to highlight that the method was able to integrate the triple culture of the organizations involved into a single methodology, and aiming to results of excellence for all Chrysler Group.

## **Important factors observed in the study**

### **Intervention of the American government.**

It was noticed the interest of the American government in supporting Chrysler to raise it again, as long as the company could find an ally to help it in its rebuilding process. The U.S. government has created conditions for the alliance, connecting Chrysler to FIAT, the only company interested in establishing an alliance.

### **Terms for alliance**

According to Wernerfelt (1984), resources are all tangible and intangible assets connected semi-permanently to a company.

It is important to take a closer look at the terms of the agreement, made through the technology transfer, and with no financial investment from FIAT. The Italian know-how had a price to be set, which led FIAT to acquire 20% stake in Chrysler without making investment. The Italian stake in the American business was established through rules that conditioned the stake in Chrysler to reach some pre-determined results as described below: (1) initial stake of 20% (twenty percent) may reach 35% if reached certain levels, such as selling a car whose consumption was 17 km per liter. The U.S. Treasury demanded a pricing model based on the market for FIAT raise its stake from 35% to 51%, in addition to establishing the obligation to return the public money before this step.

### **The benefits to Brazil after the establishment of the partnership**

Brazil is a fertile ground for the formation and the development of international strategic alliances. As stated Klotzle (2002), the formation of strategic alliances

involving companies in industrialized countries allows companies from emerging countries have better access to technology and foreign markets, and also, enables developing countries to obtain resources that will be used to improve national infrastructure. The alliance between the two car companies affected directly the Brazilian market, since it offered to internal consumers more product choices, and also, it contributed to technology and knowledge transfer.

### **Relationship based on cooperation and negotiation**

The negotiation between FIAT and Chrysler is based on relationship. Taking into consideration the critical moment experienced by the American company, the agreement could be ruined if FIAT tried to take advantage in that situation or benefit from the whole process. The best choice for FIAT was to negotiate cooperatively with Chrysler, in order to achieve a successful alliance. Mello (2003) argues that a cooperative negotiation does not mean to give up its goals and objectives. It means that the company just decided to achieve them in a unconventional way, by taking part in a different process from the traditional competitive bargaining: when choosing the cooperative strategy, negotiators are interested in financial gain, but are especially concerned with maintaining and strengthening the relationship between the parties, based on a transparent trading associated with risk sharing and mutual trust.

### **Involvement of Chrysler's employees**

The most significant challenge for restructuring Chrysler was to convince the employees that FIAT would be able to support the company, and prevent it from bankruptcy. It was necessary to change their mind-set, highlighting the importance of targeting excellence, and making people believe that they would overcome the critical period. The WCM methodology has focused on people's involvement, which was essential to promote the human integration.

### **Integration of the triple cultures – Italian, American and Brazilian**

Besides all these strategies, it was also relevant to integrate the triple cultures and involving each one in order to make the uplifting possible. In this manner, the transatlantic fusion would be possible. WCM, the unique methodology among the triple cultures, enabled the integration among the Italian, Brazilian and American companies.

(...)Roberto Baradi,, said in an interview that Up to now, Chrysler Group has consolidated the Purchasing Department. Regarding future challenges, Chrysler Group must consolidate the unification of different cultures, and this array for resource policies. However, it should consolidate human resources policies, and anything else that involves companies.

### **World Class Manufacturing as a key integration point**

The WCM was the key factor for uplifting and integrating the three cultures. A unified methodology assured the group's success to prevent Chrysler from bankruptcy, and created a strong and competitive group with a varied mix of products, which is able to compete in several markets.

The success of a strategic alliance depends on how it is done the process of knowledge transfer as well as the skills between the organizations involved. The process of technology transfer among the car companies succeeded, since the focus is to maintain a unique way of managing the three cultures involved. In this sense, it is easier to supervise a group that works in a unified method (in this case, the WCM methodology).

(...) Roberto Barad, said in an interview that So this is the present moment, and for the present moment we have got a very important synergy. Chrysler inherits from FIAT its knowledge about Brazil, the market, and its business philosophy.

The formation of this strong alliance between FIAT and Chrysler organizations keeps the idea of maintaining competitiveness. As stated by Rumelt (1984), the competitive position of a company is defined by the set of features and unique relationships it has. The formation of the FIAT Chrysler Group allowed staying competitive in the global market, ensuring competitiveness and survival in the unstable and oscillating world market.

(...)Roberto Baradi, said in an interview that fruits of this association were born: ordinary cars, which means that the factory can produce a model from another the other company. Some factories will produce Italian models for the American market, and will also produce the original Chrysler models for the European market. In this sense, we have effect integration.

Nowadays, the percentage of FIAT's stake in Chrysler' business is 68.49%; the rest still belongs to WEBA (FIATSPA 2013)<sup>3</sup>. The chart below presents the results in millions of FIAT in 2011 and 2012, showing the significant results of the alliance between the automakers.

This descriptive case study, tried not only to understand some issues related to the topic of strategic alliances between two automakers, but also it came up with additional questions for future studies, taking into consideration the relevance of the topic, and the contribution it can bring to both applied researches and its applicability in the context of organizations.

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<sup>3</sup> VEBA or Voluntary Employees Beneficiary Association

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