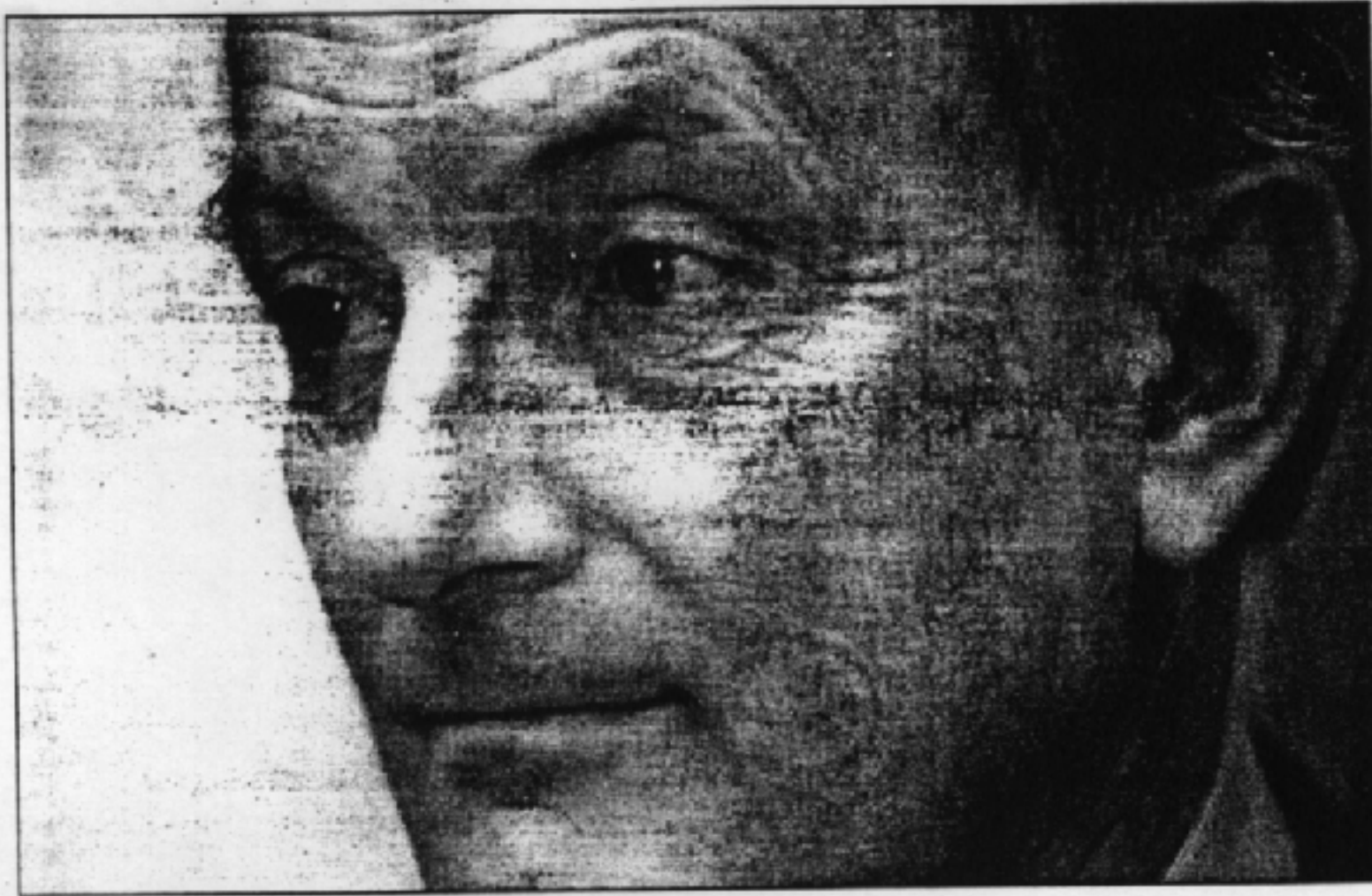


AN INTERVIEW WITH FRANCOIS CASTAING

Chrysler car guy shifts to new role



Castaing reshapes life and priorities

BY RACHEL KONRAD
Free Press Automotive Writer

Francois Castaing shocked the automotive industry last year when Chrysler Corp.'s top engineer announced he would retire at the relatively early age of 55.

Nor did he answer many questions about his new role as "technical adviser," a position that keeps him on the payroll until 2000 but out of Chrysler's day-to-day affairs.

Industry analysts guessed that Castaing was trying to execute a graceful fade-out and save face as his coworker, newly appointed president Tom Stallkamp, became the heir apparent to chief executive officer Bob Eaton.

Not so, says Castaing.

"I just want to slow down," the 53-year-old Frenchman said last week in Auburn Hills. "But I didn't want to do it overnight. This period is a bridge between my time at Chrysler and something else."

He'll stay at Chrysler as technical adviser until 2000, when he reaches the official early retirement age of 55. But that arrangement is

What he did...

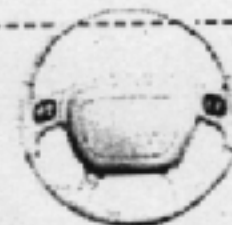


On starting the trend toward sport-utility vehicles with the Jeep Cherokee and the Jeep Grand Cherokee, Francois Castaing said: "I don't believe any of us knew how big this would become."



Castaing began sweeping organizational changes at Chrysler. It became one of the leanest, least bureaucratic automakers in the world.

To read more about the auto industry, see the Automotive Report on Page 3.



Please see CASTAING, Page 2E

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BY DEBORAH S.
Free Press Business W

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BY TED EVANO
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Chrysler car guy reshapes life, priorities while shifting

CASTAING, from Page 1E

"very flexible," Castaing said.

He's left plenty of room for speculation about his career after Chrysler. Castaing has received numerous offers for consulting gigs and several companies have requested his leadership. Widely circulated rumors in the industry have Castaing going home to head Renault and bring the struggling carmaker back to the United States.

"We'll see about that," he said with a wink.

He said his new position at Chrysler is simple: He's there to answer questions and spread the wisdom he's gathered after three decades in the business.

"If anyone in this company thinks they can bring light to a subject, they should call me," he said. "If Bob (Eaton) calls me, I'll respond to him as well."

Castaing and his wife recently completed construction of a second home in Scottsdale, Ariz., and Castaing said he plans to spend more time there. But he said he doesn't intend to sell his home in Bloomfield Hills soon, and his wife plans to stay active in local charities.

"Frankly, I'd love to spend a week at a time in Europe — Paris, London, Austria or Tuscany. But I have no intention of moving back. I like the way things are done in America," he said sipping coffee at a fancy Italian restaurant.

Castaing designed race car engines in France from 1968-79. He came to the United States in 1980 as the product engineering director of Renault USA.

In 1982, he became director of product engineering development for American Motors Corp., which was partly owned by Renault. He became Chrysler's vice president of Jeep and truck engineering in 1987, when

FRANCOIS J. CASTAING

POSITION: technical adviser to Chrysler Corp. Chairman and CEO Robert Eaton

PAST POSITION: executive vice president for international operations

AGE: 53

BIRTHPLACE: Marseilles, France

HOME: Bloomfield Hills

SECOND HOME: Scottsdale, Ariz.

FAMILY: Wife, Marlies, and four daughters between the ages of 14 and 22

COMMUTER VEHICLE: Jeep Grand Cherokee

PASSION: automobile racing, especially Formula One Grand Prix

Chrysler bought AMC.

While working on '80s-era cars such as the Renault Encore, Castaing spent much of his time learning the nuances of American business culture and perfecting his English. He made mistakes along the way.

Once, during an executive brainstorm session about how to beat fast-growing foreign competitors such as Honda and Toyota, Castaing's gentlemanly demeanor heated up.

"We're going to clean their socks!" Castaing exclaimed. A room full of confused Chrysler executives rolled their eyes and shrugged at the wacky engineer with the lilting accent. Ten minutes later, Castaing stood up and shouted, "Clean their clocks! That's what I meant!"

The '80s were also critical to Castaing for another reason — he had a big hand in the creation of the Jeep Cherokee and Jeep Grand Cherokee.

The trucks were among the first off-roaders to provide the comfort and convenience features many suburban families expected and ushered in one of the most important phenomena in automotive history: the sport-utility craze.

"I don't believe any of us knew how big this would become," Castaing said. "Our rationale at the time was that there was an oil crisis, and we wanted to make a truck that was smaller and more comfortable than a big Suburban or Grand Wagoneer. We thought if we could do that, maybe we'd sell a few of them."

Chrysler sold more than 400,000 Cherokees and Grand Cherokees last year, and sport-utility vehicles have been the fastest-growing segment of the industry for several years.

Castaing's legacy will go beyond office jokes and Jeeps. He became Chrysler's top engineering executive in 1988, when the company was headed for serious financial trouble for the second time.

The situation was so bad that top executives gave enormous freedom to relatively unknown middle managers just to shake up the company and possibly stumble upon a solution.

"The rationale was, 'It couldn't get any worse, so why not try something way out there?'" said Brock Yates, editor at large of Car & Driver Magazine. Yates wrote a book about Chrysler between 1991 and 1995 called "The Critical Path: Inventing an Automobile and Reinventing a Corporation" (Little, Brown and Co., \$24.95), and spent a lot of time with Castaing and his minions.

"Those guys had nothing to lose — except their jobs and their company," Yates said.

With the help of fellow middle-

managers Glenn Gardner and Bob Marcell, not to mention fellow francophone Bob Lutz, Castaing began a series of sweeping organizational changes at Chrysler.

Before Castaing, Chrysler was a strictly divided fiefdom where engineers, designers, purchasers, accountants and manufacturers worked independently. They typically worked in buildings in different zip codes, and they rarely talked to each other until a problem became so severe that a vehicle's feasibility was threatened.

Castaing decided Chrysler needed a new way to build vehicles. He gathered workers from all departments — even from outside suppliers — and formed teams based not on departments but on vehicles such as the minivan platform team, the large car platform team and Neon platform team.

Chrysler became one of the leanest, least bureaucratic automakers in the world: Only five levels separate top management from front-line engineers. And it can now develop new

models faster and more efficiently than any of its competitors.

The payoff came quickly: It turned a \$538 million loss into a \$2.5 billion profit in 1995.

"Francois was one of the people who turned around Chrysler," said David Cole, head of the Center for the Study of Automotive Transportation at the University of Michigan. "Maybe it was his high-maintenance racing mentality. He made Chrysler the most nimble automaker around."

Chrysler certainly will miss having a "car guy" known for his folksy hopefulness and smiling through difficult things. He gave up day-to-day responsibilities Jan. 1, but he doesn't spend much time in the office. He keeps in touch with Chrysler executives mostly by phone.

As much as he'll be missed, Castaing said he has no regrets about the fade-out.

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As much as he'll be missed, Castaing said he has no regrets about his fade-out.

"When I'm working at a big corporation, I'm not in charge of my own time. Corporate obligations go beyond the office. It's a golden cage,"

he said.

He said he plans to spend more time with his four daughters and visit his parents and siblings in France and his wife's family in Austria.

Castaing, the oldest of six children, is the only family member living abroad. His father is almost 90 and suffers from Alzheimer's disease. Watching his father deteriorate is one of the reasons Castaing has found new priorities for his life, he said.

"I see it this way. I have 10 years where I have the energy level that I have now. I don't want to spend them doing the same old thing.

"And I wouldn't want to spend my life playing golf or fishing," Castaing said before jumping into his Grand Cherokee and speeding into traffic. "I've been very lucky with my life and I've learned a lot about this industry and society. I want to use it to build a better United States. . . . It's something I feel I have to do."

Rachel Konrad can be reached through E-mail at konrad@det-free-press.com or at 1-313-222-5394.

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