**STEP 1**

**HISTORICAL CONTEXT**

- **1993** DBAG announces US plant & their first SUV (M-Class)
- **1994** Production begins on M-Class; construction begins on plans
- **1995** Training begins; prototypes of M-Class developed
- **1996** Plant opened; M-Class gains popularity; production trials end
- **1997** Available for sale; announces increase in production
- **1998** M-Class very successful; DBAG merges with Chrysler

**INDUSTRY**
- Began with production of Jeep
- 1998 33% of new cars purchased are SUV
- Low gas prices and strong economy boost sales
STEP 2: JARGON

SUV - Sport utility vehicle
M-Class - Mercedes SUV
MBUSI - Mercedes Benz U.S. International
DCAG - Daimler Chrysler A.G.
NAFTA - North American Free Trade Agreement
SMP - Standard Methods & Procedures
marriage - uniting the body & chassis
MRP - material requirement planning
ERP - enterprise requirement planning
LEV - low emissions vehicles
UAW - United Auto Workers
SCORE - Chrysler's supplier cost reduction effort
DCX - stock index symbol.
Basic Concepts

- Car-like feel
- "Mercedes-quality" vehicles
- Safety, performance and price
- Attract a younger market (30-40 yrs old)
- Midrange pricing
- JIT with a heavy reliance on suppliers
- Meet emission standards of all 50 states
- Public relations and community involvement
- Ideal for urban travel (families)
Assembly
1) Body
2) Paint
3) Assembly
4) Shipping

Supply Chain Management

Other
- Procurement
- Information Management
- Human Resources
- Quality Management
- Facilities
- Environment

Business Processes
TRENDS + PATTERNS

Market
- Competition increasing (Jeep, Hummer, etc.) over past 5 decades.
- Fastest growing truck/auto segment
- Replacing minivan as family vehicle
- Recently under scrutiny for gas usage (environment, war)
- Sales tied to gas prices, unemployment, inflation + interest rate
- Sales increasing in areas of urban travel
- Suppliers + manufacturers using JIT
- Customer (customized) driven product...
Metaphor

Mercedes builds vehicles like Burger King builds burgers,

Your Way!
- Competitors - Introduction of Lexus & BMW
- Suppliers - Integrated supply chain
- gas prices
- taxes + tariffs
- union
- EPA - emission standards
- customer
- local government (Alabama)
- Stockholders
  - SEC
  - IBM

Mentors - Critical Dialogue
- dealership
- suppliers
- Lexus/BMW Plant Manager
- National Highway Safety Board
- IBM