



Home > Report on operations > [Our Strategic Business Plan](#)



Our Strategic Business Plan

Following our January 2014 acquisition of the remaining 41.5 percent interest in FCA US we did not already own, in May 2014, we announced our 2014–2018 Business Plan. Our Business Plan sets forth a number of clearly defined strategic initiatives designed to capitalize on our position as a single, integrated company to become a leading global automaker, including:

- **Premium and Luxury Brand Strategy.** We intend to continue to execute on our premium and luxury brand strategy by developing the Alfa Romeo and Maserati brands to service global markets. We believe these efforts will help us address the issue of industry overcapacity in the European market, as well as our own excess production capacity in the EMEA region, by leveraging the strong heritage and historical roots of these brands to grow the reach of these brands in all of the regions in which we operate.

Recently, we have successfully expanded in the luxury end of the market through our introduction of two new Maserati vehicles. We intend to replicate this on a larger scale with Alfa Romeo by introducing several new vehicles being developed as part of an extensive product plan to address the premium market worldwide. In addition, we intend to continue our development of the Maserati brand as a larger scale luxury vehicle brand capitalizing on the recent successful launches of the next generation Quattroporte and the all new Ghibli. We also intend to introduce additional new vehicles, including an all new luxury SUV in 2015, the Levante, that will allow Maserati to cover the full range of the luxury vehicle market and position it to substantially expand volumes.

- **Building Brand Equity.** As part of our Business Plan, we intend to further develop our brands to expand sales in markets throughout the world with particular focus on our Jeep and Alfa Romeo brands, which we believe have global appeal and are best positioned to increase volumes substantially in the regions in which we operate.

In particular, our Business Plan highlights our intention to leverage the global recognition of the Jeep brand and extend the range of Jeep vehicles to meet global demand through localized production, particularly in APAC and LATAM.

We are also developing a range of vehicles that are expected to re-establish the Alfa Romeo brand, particularly in NAFTA, APAC and EMEA, as a premier driver-focused automotive brand with distinctive Italian styling and performance.

In addition, we expect to take further steps to strengthen and differentiate our brand identities in order to address differing market and customer preferences in each of the regions in which we operate. We believe that we can increase sales and improve pricing by ensuring that all of our vehicles are more closely aligned with a brand identity established in the relevant regional markets. For example, we announced as part of the Business Plan that Chrysler would be our mainstream North American brand, with a wider range of models, including crossovers and our primary minivan offering. Dodge will be restored to its performance heritage, which is expected to enhance brand identity and minimize overlapping product offerings which tend to cause consumer confusion. We also intend to continue our repositioning strategy of the Fiat brand in the EMEA region, leveraging the image of the Fiat 500 family, while positioning Lancia as an Italy-focused brand. We will also continue to develop our pick-up truck and light commercial vehicle brands leveraging our wide range of product offerings to expand further in EMEA as Fiat Professional, in LATAM as Fiat and in NAFTA as Ram. For a description of our vehicle brands, see Mass Market Vehicle Brands section below.

- **Global Growth.** As part of our Business Plan, we intend to expand vehicle sales in key markets throughout the world. In order to achieve this objective, we intend to continue our efforts to localize production of Fiat brand vehicles through our joint ventures in China and India, while increasing sales of Jeep vehicles in LATAM and APAC by localizing production through our new facility in Brazil and the extension of the joint venture agreement in China. Local production will enable us to expand the product portfolio we can offer in these important markets and importantly position our vehicles to better address the local market demand by offering vehicles that are competitively priced within the largest segments of these markets without the cost of transportation and import duties. We also intend to increase our vehicle sales in NAFTA, continuing to build market share in the U.S. by offering more competitive products under our distinctive brands as well as offering new products in segments we do not currently compete in. Further, we intend to leverage manufacturing capacity in EMEA to support growth in all regions in which we operate by producing vehicles for export from EMEA, including Jeep brand vehicles.
- **Continue convergence of platforms.** We intend to continue to rationalize our vehicle architectures and standardize components, where practicable, to more efficiently deliver the range of products we believe necessary to increase sales volumes and profitability in each of the regions in which we operate. We seek to optimize the number of global vehicle architectures based on the range of flexibility of each architecture while ensuring that the products at each end of the range are not negatively impacted, taking into account unique brand attributes and market requirements. We believe that continued architectural convergence within these guidelines will facilitate speed to market, quality improvement and manufacturing flexibility allowing us to maximize product functionality and differentiation and to meet diversified market and customer needs. Over the course of the period covered by our Business Plan, we intend to reduce the number of architectures in our mass market brands by approximately 25.0 percent.

- Continue focus on cost efficiencies. An important part of our Business Plan is our continued commitment to maintain cost efficiencies necessary to compete as a global automaker in the regions we operate. We intend to continue to leverage our increased combined annual purchasing power to drive savings. Further, our efforts on powertrain and engine research are intended to achieve the greatest cost-to-environmental impact return, with a focus on new global engine families and an increase in use of the 8 and 9-speed transmissions to drive increased efficiency and performance and refinement. We also plan to continue our efforts to extend WCM principles into all of our production facilities and benchmark our efforts across all facilities around the world, which is supported by FCA US's January 2014 legally binding memorandum of understanding, or MOU, with the UAW. We believe that the continued extension of our WCM principles will lead to further meaningful progress to eliminate waste of all types in the manufacturing process, which will improve worker efficiency, productivity, safety and vehicle quality. Finally, we intend to drive growth in our components and production systems businesses by designing and producing innovative systems and components for the automotive sector and innovative automation products, each of which will help us focus on cost efficiencies in the manufacturing of our vehicles.
- Continue to enhance our margins and strengthen our capital structure. Through the product and manufacturing initiatives described above, we also expect to improve our profitability. We believe our product development and repositioning of our vehicle offerings, along with increasing the number of vehicles manufactured on standardized global platforms will provide an opportunity for us to improve our margins. We are also committed to improving our capital position so we are able to continue to invest in our business throughout economic cycles. We believe we are taking material steps toward achieving investment grade metrics and that we have substantial liquidity to undertake our operations and implement our Business Plan. The proposed capital raising actions, along with our anticipated refinancing of certain FCA US debt, which will give us the ability to more fully manage our cash resources globally, will allow us to further improve our liquidity and optimize our capital structure. Furthermore, we intend to reduce our outstanding indebtedness, which will provide us with greater financial flexibility and enhance earnings and cash flow through reducing our interest burden. Our goal is to achieve a positive net industrial cash balance by the completion of our Business Plan. In light of this, and to further strengthen and support the Group's capital structure, we completed significant capital transactions in December 2014 and we have announced our intent to and have announced our intent to execute certain transactions in connection with our plan to separate Ferrari from FCA. We believe that these improvements in our capital position will enable us to reduce substantially the liquidity we need to maintain to operate our businesses, including through any reasonably likely cyclical downturns.

< PREV NEXT >

Investor Day, May 2014





This site uses cookies to give you a better experience of navigation. Continuing navigation without changing your browser settings, you agree to receive all cookies on the site. To learn more, please read [our Cookie Policy](#)

OK

No