

Taking on Ford and GM in the Low Price Field:

The 1928 Plymouth

Although it broke little new ground, being an amalgam of first-generation Chrysler parts, improved Maxwell parts and a new radiator grill and shell, the 1928 Plymouth propelled the Chrysler Corporation into the competitive battleground of low-priced cars and precipitated, in part, the creation of divisions within the Company. Entry into the low-priced market segment forced the Company to better control costs, to develop systems for high-volume production (as found in the new Lynch Road plant) and to adopt a philosophy of interchangeability between components, car lines and models. The construction of the Lynch Road plant (the Company's first all new manufacturing facility) brought experience in plant layout, construction management and rapid problem solving. However, plant designers failed to address the critical area of logistics. The land-locked nature of the plant prevented expansion, and insufficient space was allocated for truck and railroad docks. These shortcomings hampered operations from the start and later doomed the plant to closure.

The year 1927 witnessed not only the introduction of the 1927 Plymouth but also the introduction of the new DeSoto line and the purchase of Dodge

Brothers. To oversee the increasingly complex mix, Chrysler Corporation created divisions to manage the sales and manufacture of these cars. Previously the Company had operated with a fully centralized organization. Apparently in a rather informal manner, most of the key entrepreneurial decisions, long-range plans and strategy were the sole purview of Walter Chrysler himself. With the creation of divisions, the Company became more decentralized. What influence Alfred Sloan (head of General Motors) had on this reorganization process remains unclear, but Chrysler and Sloan were friends, and Chrysler most likely discussed some of these issues with his friend. Chrysler probably also realized by this time that the Company was getting to large and diversified for him to run by himself.