

Chapter Three – Walter’s Cars, Walter’s Company

Call it a reharmonizing of approved ideas in automobile engineering, into which you have introduced several very distinct innovations, and you will not be far out of the way.

– Review of the Chrysler Six in
Automobile Topics, December 29, 1923

Walter Chrysler had long dreamed of manufacturing a new car of superior design bearing his name. His dream became reality in early January 1924 when the Chrysler Six debuted at the New York Automobile Show. His new car, with many advanced engineering features and a stylish look, was an instant success and propelled Walter Chrysler onto the auto industry’s center stage.

In fact, the Chrysler Six was so popular during its initial 18 months on the market that Walter Chrysler was able to establish the Chrysler Corporation on June 6, 1925, and fold the existing Maxwell Motor Corporation into it on June 25, 1925. Three years later, the new Company was the fourth-largest automaker in the United States – after Ford, General Motors and Hudson – and was poised for expansion and even greater success.

Despite Chrysler’s reputation in Detroit as a “splendid executive,” according to the automobile advertising executive Theodore McManus, few if any of the manufacturers, merchants or bankers in the industry thought he could pull off the attempt so late in the day to produce a new car, much less found a new company. Chrysler, wrote *Car & Parts* author Menno Duerksen, “was able to do something which nobody, but nobody else would be able to do – butt his way into an already established motor car industry and make a roaring success

of it at a time when, so folks said, all the top spots had long ago been nailed down.” That he did so says something about his daring, about his willingness to back his notion of the possibilities with all his resources. That he was so successful at it shows his drive and his unique sense of purpose.

“I gave the public not only quality but beauty, speed, comfort in riding style, power, quick acceleration, easy steering, all at a low price,” Chrysler told *Forbes* magazine. These were qualities traditionally found on only the most luxurious and expensive automobiles, but Chrysler realized that the country’s buying power at that level was limited. “So, years before the first Chrysler made its appearance,” he went on, “I reasoned that if I could build a small car, embodying all these advantages, and at a price within the reach of millions, I would be doing a constructive thing for the public and would, I felt sure, reap a substantial reward.”

In short, Walter Chrysler knew what he was doing.

The Launch

By the fall of 1923, Chrysler had the new car he wanted – the Chrysler Six, designed and engineered by Zeder, Skelton and Breer, who had survived as a team all the troubles at Willys-Overland, the auctioning off of the Elizabeth plant to Billy Durant and the attempted takeover of Maxwell by Studebaker. Boasting such innovations as a high-compression six-cylinder engine, hydraulic brakes, a replaceable oil filter and eye-catching three-tone paint jobs in new “King Tut” colors, the car Chrysler readied for production at the Chalmers plant was just the kind of high-performance automobile he believed car buyers in the more sophisticated, affluent and urban post-World War I America desired.

Powerful, smooth, silent and simply designed, the Chrysler Six was, as Walter Chrysler described it, “a real quality light car – one not extravagantly large and heavy for one or two people, but adequately roomy for five, economical to own and operate.” With the tooling complete, the Chrysler Six began rolling off the line by mid-December. The week before Christmas, Walter showed off his new car at the Jefferson Avenue plant to suppliers, dealers, leading citizens and the bankers from whom he hoped to borrow the money to fund its future production.

Chrysler also began running the ads he had commissioned from auto advertising genius Theodore McManus. McManus’s clever and effective advertising blitz consisted of five weekly full-page advertisements in the *Saturday Evening Post* between December 7 and January 5, 1924. In a classic “tease” campaign, the first two ads were all about Walter P. Chrysler and made no mention of a car. The third informed the reader that this man was about to introduce a new car that “represents the culmination of Mr. Chrysler’s vast experience and embodies qualities of design and performance so striking that they will constitute a profound sensation.” The fourth installment of the campaign finally showed side views of the four Chrysler Six models and included an extensive interview with their creator discussing the thinking behind the car and its quality. The fifth advertisement, two full pages, revealed the principle mechanical features and design advances embodied in the Chrysler Six. There was still no mention of prices – which, since that was precisely what everyone from banker to automaker to customer wished to know, was the ultimate tease – because the car was not yet available for sale. In fact, it was barely in production.

The two months of frenetic activity in polishing the design, tooling up for production and advertising the creation all led up to the 24th Annual New York Automobile Show from January 5-12, 1924, where Chrysler introduced his new car with a splash. As he told the story in his autobiography (which was first serialized in the *Saturday Evening Post* in 1937), the American Automobile Chamber of Commerce, which ran the auto show, banned the Chrysler cars from the main exhibit hall because they were not available for purchase. Chrysler claimed that he and Joseph Fields, his sales manager, devised a clever stratagem to get around the ban by renting the lobby of the Commodore Hotel, where many of the auto executives stayed, and showing the Chrysler Six there. The story entered Company lore and was repeated in historical accounts for years as an example of Walter Chrysler's never-say-die personality when, instead, it was more an example of his raconteur's license as a good storyteller.

Walter Chrysler did indeed show off three examples of his new car in the lobby of the Commodore – but alongside the wares of two other automakers and some 15 suppliers. And he also displayed three models of the Chrysler Six within the Chalmers space and another three in the Maxwell space in the main exhibition hall, the 256th Field Artillery Armory in the Bronx. Part of the promotional effort for the new model was an advertisement in the January 6 issue of the *New York Times* that proudly announced, “The most important new car of the year is on exhibition at the Commodore Hotel and in Space 35 at the Automobile Show.”

Chrysler was right to paint the show as a do-or-die effort. Two banking groups – Blair & Company and Chase Securities – that had pledged back in November to take \$6 million in bonds at \$92 per \$100 face value to get the new Chrysler rolling had by years' end gotten cold feet. They looked at the

competition, especially the Buick, which was their benchmark, and thought Chrysler was clearly offering less car, dollar for dollar. Telling Chrysler he was overextended, they withdrew, leaving him shorn of the \$5.52 million he would have netted and considered adequate to launch the car. Thus Chrysler arrived in New York with the Chrysler Six project yet again up in the air.

The cars he displayed at the auto show were really prototypes and not production cars in the usual sense. Production at the Chalmers plant in Detroit was barely underway, and one of Walter Chrysler's goals in showing the cars was to raise additional capital to start full production. He wanted to find a bank that would take at least \$5 million in Maxwell Corporation mortgage bonds, with the property serving as collateral.

Wrecks on the subway that halted underground traffic out of Midtown and a sudden blizzard, which dropped temperatures to subzero levels, helped to keep auto show attendees, including important bankers, indoors at their Manhattan hotels rather than traveling the 30 minutes from Times Square to the Armory. As Joseph Fields nervously paced the floor in the Bronx, Chrysler was gleefully packing folks into the Commodore Hotel lobby and, often, into the Chrysler Sixes there on display.

Chrysler reported that one unnamed banker, looking over the lobby display, offered him only \$70 per \$100 face value on the mortgage bonds, which meant that the Maxwell Corporation would realize only \$3.5 million in cash. Walter Chrysler eventually negotiated a much better deal with Edward R. Tinker of Chase Securities Corporation. Chrysler literally locked himself and Tinker inside a car in the lobby of the Commodore Hotel and refused to release him until they came to an agreement.

As Chrysler told the story, the two were ringed by the crowd of onlookers, whose “faces [stared] at us as if we had been fish in a bowl.” Walter wanted \$96 per \$100 face value and told Tinker so.

“You’d have taken 92, and been glad to get it, Walt, a few months ago,” Tinker responded.

Walter replied, “Ed, these people are wild about this car. It’s got qualities they can’t get in a \$5,000 automobile.”

“You’ll sell this car all right, Walt. 94, I guess, if we get a bonus,” Tinker said.

Walter held firm, saying, “96, Ed, and no bonus.”

“Mister,” Tinker said, mimicking the shrill falsetto of a desperate woman, “if you don’t let me out of this automobile right this instant, I’ll scream.”

“96,” Walter insisted.

With an air of finality, Tinker responded, “94, and I’m going downtown right now.”

“And,” Walter finished his story, “he went.”

Whether it happened exactly like that or not, Tinker did indeed finally consent to take the bonds, which would bear interest of 5 - 1/2 percent, at a price of \$94 per \$100 face value, which gave Maxwell \$4.7 million in cash. A month later, Maxwell sold additional stock and raised \$7.5 million more. But none of that – not the advertising, not the auto show, not the money – would have mattered if the car itself had not proved a stunning success.

Many have tried to describe why the Chrysler Six was so different. Historian Mark Howells called it the dividing line “between what may be termed ‘old’ and ‘modern’ cars.” Chrysler biographer Vincent Curcio wrote that “Chrysler had invented a new standard for automotive value.”

“A work of merchandising and engineering genius,” said *Forbes* magazine, “the car could give for \$1500 the thrills of a \$5,000 car.” Unlike the rough-riding rattletraps Detroit sold to the poor and the drab, ordinary-looking cars driven by the middle class, the car fired up and ran with the smoothness and silky performance of the luxury models owned by the rich, though it also had a taut feel and an elegant efficiency that was entirely new. In the price range of those Buicks that had served as the bankers’ benchmark, the Chrysler Six’s power per cubic inch matched the mighty and expensive Duesenberg.

But power and speed were not the only keys. There were Buicks that equaled Chrysler’s 70 mph and Hudsons that ran faster, although the Chrysler Six was their master in acceleration. Curcio called the new ingredient “mechanical effortlessness,” which “united for the first time performance with lightness and ease of control” and made it “the world’s first scientific car.”

Whatever else it was, the difference was immediately obvious to those climbing into Chryslers at dealerships around the country. The cars were an immediate hit, selling as fast as Maxwell’s old Chalmers plant could churn them out. Within a few months, they rolled off the line at the rate of 110 a day. By the end of 1924, Maxwell had produced 32,000 of them, a record at the time for a new make.

But not only did the cars sell well, they created a new demand for quality and performance. Before the decade was out, virtually every car manufacturer would try to copy the car in some fashion, marking it as a truly revolutionary vehicle in the industry.

Producing Chryslers

It was crucial to Chrysler that the cars sold, for ending the production of the Chalmers car and launching the Chrysler Six involved a heavy investment. The Maxwell Corporation stopped making the Chalmers late in 1923, as it converted the Chalmers plant in Detroit to make the Chrysler Six. By late January 1924, with assembly of the new car barely underway, the Maxwell firm had already spent \$1.5 million. These costs covered writing off the tools and materials used to make the Chalmers car (\$650,000), paying \$100,000 to Walter Chrysler for the blueprints for the Chrysler Six, funding the experimental and development activities for the new car (\$250,000) and converting the Chalmers plant for the new model, including tooling costs of \$500,000.

In the 1923 Maxwell Motors' annual report, Walter Chrysler announced that the company was amortizing nearly \$1 million (\$999,306) out of future sales to cover development costs for the Chrysler Six and absorbing nearly that much (\$878,460) in losses on the Chalmers line. The company made \$2,667,852 in overall profits for the year, a figure it almost doubled in 1924 (\$4,115,540) even after deducting \$2,474,493 for amortization, \$489,346 in federal taxes and \$463,730 as the discount on the corporation's newly issued \$5 million debentures.

Such results were truly striking given the fact that 1924, unlike the banner year 1923, was not a good year for automobile sales or industry profits. Only Ford, who usually did well when others stumbled, and the Dodge Brothers joined Maxwell in increasing profits significantly, while Hudson and Nash held even, and everyone else saw their profits drop precipitously. Behind Maxwell's success lay the Chrysler Six, whose launch helped raise the company's overall sales from 67,000 in 1923 to 79,000 in 1924. As the popularity of the Chrysler Six soared, the investors grew ecstatic, the bankers heaved a sigh of relief for their

faith in Chrysler, and Walter Chrysler and his team scrambled to increase production.

Among that crew was general works manager George W. Mason, the first of a long line of production geniuses to work for Walter P. Chrysler and his company. Mason, who had worked for the Studebaker Corporation and for the Dodge Brothers Company before supervising production at the U.S. Army's Rock Island Arsenal, came on board at Maxwell in 1921. He would remain with Maxwell until 1926, after it had become the Chrysler Corporation, when he would leave to make his own mark in the industry as president at Kelvinator through the mid-1930s, then at Nash-Kelvinator and finally at American Motors Corporation briefly after Nash and Hudson merged in 1954.

At Maxwell, Mason worked systematically to reduce costs of the Chrysler Six cars while introducing new processes to speed up production. One of the most important manufacturing breakthroughs he implemented was the use of the fast-drying Duco lacquer paint developed by the DuPont Corporation in 1922. The new finish reduced painting costs by upwards of 20 percent, while reducing drying times by days. Mason experimented with Duco lacquer on a few Maxwell models in 1923 and used it initially on only the roadster and sedan models of the Chrysler Six. But the demand for this superior finish was so great that Mason used it on all models produced after October 1924.

Meanwhile, Walter Chrysler, always an astute marketer and quite proud of his new machine, paid close attention to promoting and advertising his hot product. Promotional material for the Chrysler Six during its first year on the market emphasized its superior speed, handling and features. Advertisements for the Chrysler Six prominently featured the car's four-wheel hydraulic brakes

by Lockheed, the use of high-quality bodies by the Fisher Body Company and the quality Duco lacquer finish.

Chrysler then turned to an older method of demonstrating automotive prowess – racing. Ralph de Palma, easily America’s most famous race driver at the time, began what was to be a long association with Chrysler by taking a stock Chrysler Six to Los Angeles and entering the Mt. Wilson Hill Climb.

The Los Angeles Express offered a trophy for the fastest run up the curvy gravel road to the summit of Mt. Wilson, some 4,636 feet above the starting elevation. The route was 9.5 miles long, with an average grade of 10 percent (and a maximum of 16 percent) and 144 sharp curves. On July 24, 1924, de Palma won the race by reaching the summit in a little less than 26 minutes. The Chrysler Six had so much power that de Palma downshifted into low gear only three times, and the engine never overheated during the run.

De Palma went on to win a 1,000-mile race sponsored by the *Los Angeles Times* on a speedway in Fresno, California, on September 17, driving a stock Chrysler Six with a standard gear ratio. He won a similar race at a track in Culver City, California, driving a stock Chrysler Six with a gear ratio of 3.75 to one. These well-publicized victories further emphasized the speed and reliability of the Chrysler Six, adding to its mystique, which was fast becoming formidable – so formidable in fact as to spell the end of the Maxwell nameplate.

The Maxwell firm initially manufactured and sold the Chrysler Six alongside its existing Maxwell line, which in 1923 had reached sales of 67,000 – ninth place in the industry. In 1924, Maxwell fielded 10 models and, despite the introduction of the new Chrysler, which hurt Maxwell sales, sold a respectable 48,124 cars. But the Chrysler Six’s reputation was spreading, and even though it was priced above the Maxwell, production of the new model outstripped the

Maxwell by some four to one by the end of 1925. Clearly, it seemed, the Maxwell nameplate had become obsolete.

What happened to the 1925 Maxwell Model F told the tale. The trio of Zeder, Skelton and Breer revamped the Maxwell four-cylinder engine in early 1924, and it served as the power plant for the Maxwell Model 25-C, introduced in September 1924 as the 1925 Maxwell. The new engine produced 38 horsepower (versus 34 from the old engine), and the Model 25-C featured balloon tires and an improved steering system.

By March 1925, George Mason's staff had already prepared estimates of the capital costs of producing a new Maxwell car, to be called Model F. Investment in machinery, tooling and dies would come to \$715,383. But the bankers had become convinced that the Maxwell name was a liability, and they – like Walter Chrysler – wanted to be rid of it. So all the company's cars would now be Chryslers, and the Model F became the Chrysler Four (later renamed the Model 58). The first four-cylinder Chrysler, it differed from the Maxwell only in its deeper-skirted fenders, its lower running boards, its optional hydraulic brakes and its winged Chrysler radiator cap. But with a price tag \$500 lower than the comparable Chrysler Six, it offered the glamour of the new nameplate on the cheap, and customers snapped up as many of the cars as the company could produce.

The last automobiles bearing the Maxwell name rolled off the assembly line in Highland Park, Michigan, in June 1925, the same month that the new Chrysler Four went into production. At almost the same time, Walter P. Chrysler formed the Chrysler Corporation. The Maxwell nameplate had vanished, and now the Maxwell Corporation itself went out of existence. After producing the

Chrysler Six for 18 months under the Maxwell tent, Chrysler finally headed a company bearing his own name.

A Major Player

The Maxwell Motor Corporation transformed itself into the Chrysler Corporation in June 1925 through an exchange of stock. Walter Chrysler never stated publicly the reasons for the change. His attorney, Nicholas Kelley, suggested that chartering a new company in a new state (Delaware instead of New Jersey) was, in part, an attempt to sidestep potential lawsuits by owners of Maxwell Preferred Stock to collect retroactively unpaid dividends from the early 1920s. And with the Maxwell nameplate about to disappear by the end of June, keeping the Maxwell name made little sense in any case.

But in the end, surely, it came down to Walter Chrysler's own desires. A man of his drive and ambition, of his accomplishments and reputation and of his ego must have wanted, as much as he had ever wanted anything, to have the company making his cars bear his name.

The Maxwell Board of Directors appointed a committee to develop a plan to transform Maxwell into Chrysler. In mid-April 1925, the committee recommended an exchange of shares whereby owners of 100 shares of Maxwell Class A Preferred Stock would receive 100 shares of Chrysler Corporation Preferred Stock, plus 10 shares of Chrysler Common Stock. Owners of Maxwell Common Stock could exchange their shares one-for-one for Chrysler Common Stock. Maxwell shareholders would have until May 6 to make the exchange. The Maxwell directors approved the plan on April 16, and the stockholders did the same on April 20.

The deal was nearly consummated when a fly appeared in the ointment in the person of John Thomas Smith, general counsel for General Motors. He and Walter Chrysler had clashed earlier when Chrysler left General Motors and accused Smith of cheating him of some of his benefits. Smith owned a large block of Maxwell Preferred Stock and in April 1925 argued that no one could force him to exchange his Maxwell stock for shares in the Chrysler Corporation. He threatened to get an injunction to stop the exchange of stock. John Jacob Raskob, who was a director and chairman of the Finance Committee at General Motors, settled the dispute. Raskob, a close friend of both Smith and Chrysler, arranged an agreement between the two by which Smith received an unnamed “concession” worth \$1 million in return for standing aside.

After the Chrysler Corporation was chartered as a Delaware corporation on June 6, 1925, the Maxwell stockholders voted on June 24 to transfer all of the Maxwell Motor Corporation’s real estate and assets to the new Chrysler Corporation, provided that the latter assumed all of Maxwell’s debts and liabilities. They also dissolved the Maxwell company, ending its 21 years of corporate life. The first president of the new Chrysler Corporation was Nicholas Kelly, who served a scant 18 days, from June 8 to June 26, when Walter P. Chrysler took over.

Because the Chrysler Corporation and its predecessor, Maxwell Motor Corporation, had relied heavily on bank loans for survival and expansion, key bankers served on both boards of directors. James C. Brady of Brady Security & Realty Corporation, who had lured Walter Chrysler to Willys-Overland and then to Maxwell, was a Chrysler director from 1925 to 1926. Jules S. Bache, one of the first financial backers of the Chrysler Six and senior partner in J. S. Bache & Company, served on the Chrysler board from 1925 to 1943. Finally, Edward R.

Tinker, the Chase Securities banker who agreed to underwrite the \$5 million issue of Maxwell mortgage bonds at the 1924 New York Automobile Show, served as a director at Chrysler from 1925 to 1936. These men insisted on seats on the Chrysler board of directors so they could keep an eye on their investments.

By the end of 1925, then, Walter Chrysler was at last well on his way to becoming a major player in the auto industry. Not only had he produced a revolutionary new car, but he had launched a new company, one which that year would earn in excess of \$17 million, more than four times the profits Maxwell garnered in 1924. Sales of Chrysler cars had jumped from 31,667 in 1924 to 106,857 in 1925. They would rise to an impressive 170,392 in 1926, and though growth slowed a little in 1927, sales nevertheless totaled 192,083 units.

Chrysler Corporation increased sales in part by increasing its offerings. The original Chrysler Six lasted only 18 months, replaced by a largely new Chrysler 70 in June 1925. (Chrysler Corporation used numerical “badges” on its cars to indicate each model’s “effortless” cruising speed. The Model 70, for example, would easily cruise at 70 mph.) The replacement car had more power than the Chrysler Six and sold in four body styles, with prices ranging from \$1,445 to \$2,095. The Company made the new model until September 1926.

The Chrysler Four, introduced in June 1925 and renamed the Chrysler 58 in December of the same year, remained in production through June 1926. A brochure promoting the 58 boasted that this four-cylinder model offered “three qualities combined in no other car – 58 miles per hour, 5 to 25 miles (per hour) in 8 seconds, 25 miles to the gallon.” This was the least expensive car in the lineup, with prices ranging from \$845 for the touring car to \$995 for the sedan.

In January 1926, Walter Chrysler entered the luxury car market when he introduced the Chrysler Imperial 80. It featured an engine with a displacement of

266.6 cubic inches that developed 92 horsepower and speeds of 80-plus mph. Early brochures informed the reader that “the Chrysler Imperial motif (logo) is adapted from the period of the Roman Empire and is reminiscent of the luxury and splendor in evidence at that time.” Also known as the Model E-80, it was planned as a limited production model designed to bring prestige to the entire line of Chrysler products. The Company’s production engineers had projected capital spending of more than \$2.3 million to make the Imperial, even though Chrysler would buy key components – bodies, transmissions, axles and steering gear – from outside vendors. Thus, the Imperial rolled off the line in small numbers (50 cars a day) and at great expense, and Chrysler built only 9,114 Imperials in 1926. These came in eight body styles and cost between \$2,494 and \$3,695 – modest prices for luxury cars of that era.

Walter Chrysler introduced the new model, as he had the Chrysler Six, at the New York Automobile Show, and the automotive press virtually gushed with praise for the new luxury car. *Automobile Topics* ran a seven-page review of the Imperial line and a two-page report of a road test in its issue of January 2, 1926, on the eve of the auto show. The general review emphasized the Imperial’s balanced combination of speed, power, luxury and beauty. This was a remarkably quiet car, with little noise or vibration from its engine, transmission or suspension system. One of the road test drivers found the drive exhilarating: “This isn’t an automobile. It’s a projectile . . . a tremendous source of energy, that power plant, but perfectly controlled. You are fleeting through space, but somehow geared to the road.” The Imperial was the talk of the show that year.

And like the Chrysler Six, the Imperial also received positive publicity through several notable racing successes. An Imperial roadster was the pace car for the 1926 Indianapolis 500, with racing legend Louis Chevrolet at the wheel. A

year later, a stock Imperial phaeton completed the first-ever transcontinental round trip, covering 6,720 miles. Neither driver, L. B. Miller, nor his relief man, John E. Wieber, was a professional driver, and Chrysler Corporation did not sponsor their efforts. They completed the first leg, from San Francisco to New York City via the Lincoln Highway in just under 80 hours, breaking the existing record by more than three hours. The return leg ran from New York to Los Angeles via the National Old Trails. Miller and Wieber finished this grueling run in just one minute under seven days.

For the 1926 model year, Chrysler offered three models in 19 distinct body styles, with prices ranging from \$845 to \$3,695. The Company imitated the General Motors strategy of offering “a car for every purse.”

For the 1927 model year, customers had a choice of 22 body styles in four lines of Chrysler cars, including the new “Lighter Six-Cylinder” car. Called the Chrysler 60, this car had a small six-cylinder engine producing 54 horsepower and was priced from \$1,075 to \$1,330. Chrysler also changed the names of two of its models for the 1927 model year. The four-cylinder line became the Chrysler 50 and was available in only three body styles (coupe, coach and sedan), all of them closed bodies of all-steel construction. The Chrysler 70 was reworked as the Chrysler Finer 70. The model had a larger six-cylinder engine than the Chrysler 60, producing 68 horsepower. It came in seven body styles ranging in price from \$1,395 to \$1,795. The Imperial 80, largely unchanged for 1927, had models priced from \$2,545 to \$3,595.

Chrysler renumbered the 1927 models as Models 52, 62, 72 and Imperial 80 for the 1928 model year. Most of these cars underwent little change in their appearance or design. The Imperial was the major exception, with significant styling changes and new features. Chrysler introduced the “Red Head” cylinder

head as standard equipment on the 1928 Imperial and as an option on its other models. The cylinder head reduced the size of the combustion chamber, increased compression ratios (from 4.7 to 1 on the first Chrysler Six to 6 to 1), and thus increased the power produced by the engine. The Imperial came with a redesigned “Red Head” engine of 309.3 cid, developing 112 horsepower versus 92 horsepower from the original Imperial engine.

The proliferation of models that followed in the wake of the success of the Chrysler Six accounted for much of the rapid growth in sales from 1924 through 1927, when Chrysler had become the number four automaker in the United States. But the rapid expansion of product line and ever-increasing sales created some problems. The dealer network, for example, barely kept pace, leaping from about 2,000 Maxwell dealerships in the fall of 1925 to 3,800 Chrysler dealerships a year later. The Company struggled to increase its sales outlets in the late 1920s. Chrysler placed dozens of advertisements in the automotive press to lure dealers and others with the profits they would enjoy if they operated a Chrysler franchise. Through ads in journals such as *Automobile Topics*, *Automobile Trade Journal* and *Motor World*, the Company tried to entice dealers selling other brands to switch to Chrysler. The Company promised that all inquiries from prospective dealers would be held in confidence. By early 1928, Chrysler’s dealer network had grown to about 4,600 outlets.

Chrysler also had to expand its manufacturing capacity in order to produce the growing volume of cars. The Fisher Body Company had supplied most of Chrysler’s bodies in 1924 and 1925, but Chrysler was forced to turn to other sources after Fisher Body became a wholly owned subsidiary of General Motors in 1926. Chrysler bought the American Motor Body Company in September 1925 and gained a modern 700,000-square-foot plant directly across

the street from its Jefferson Avenue (Chalmers) plant in Detroit. The new plant, soon known as the Kercheval plant, supplied bodies to the Jefferson Avenue plant until February 1990, when both closed. After 1926, most of Chrysler's body business went to the Briggs Manufacturing Company, the Murray Corporation and the Edward G. Budd Manufacturing Company.

With expansion in mind, Walter Chrysler made a key move that would have a long-term effect on the Company's history – he hired Kaufman Thuma (K. T.) Keller as his vice president for manufacturing in April 1926. Chrysler knew Keller well from their days at Buick, where Keller had worked for him as general master mechanic. After Chrysler left, Keller headed up manufacturing at Chevrolet before becoming general manager of GM's Canadian operations in 1924. Chrysler had always admired Keller's talents and had long wanted to hire him away from GM, but not until spring of 1926 did he feel he could offer Keller a suitable position and salary.

Under Keller, the Company enlarged its manufacturing capacity at its Highland Park, Michigan, plant (formerly Maxwell), with seven major new buildings finished in 1927 and 1928. One of the most important of these was the Body and Storage Building (1928), which in time became the General Office Building. (Later renamed the K. T. Keller Building, it served as the corporate headquarters until a new headquarters building opened in Auburn Hills, Michigan, in 1996.) The other was the Engineering Building, which included offices, laboratories and space to display prototypes and production cars. In 1928, Chrysler also added five major new buildings at the Jefferson Avenue plant at a cost of \$1.25 million.

Chrysler already operated two large manufacturing-assembly plants, one on Jefferson Avenue in Detroit and the other in Highland Park. There was also a

large manufacturing plant in New Castle, Indiana, where the Company made transmissions, axles and other components. An assembly plant in Windsor, Ontario, and a service parts factory in Dayton, Ohio, rounded out the major facilities.

By the middle of 1928, Walter Chrysler had transformed his company from a minor player in the auto industry struggling to sell its first model, the Chrysler Six, into a large and successful enterprise offering four different lines of automobiles in the marketplace. By any measure, Chrysler Corporation enjoyed phenomenal, unprecedented prosperity from 1925 to 1928, competing successfully in the ever-volatile American automobile industry. More important, Walter Chrysler had positioned the Company well for a breathtaking burst of new expansion. In the remarkable year of 1928, his purchase of Dodge Brothers, Inc., a long-time, prestigious Detroit automaker, and his introduction of two entirely new lines of cars, the DeSoto and the Plymouth, would suddenly turn the Chrysler Corporation into a serious competitor for Ford and General Motors.