

FRITZ QUITS

Or rather, Fritz Henderson, the CEO of GM, was pushed out last night.

As part of GM's government-led restructuring, a majority of the board of directors was replaced when GM emerged from bankruptcy, and Whitacre was made chairman.

That new board has been questioning Henderson at every turn, skeptical that a 25-year veteran of the company had what it would take to bring about real change, the Free Press has learned.

And while Henderson had shown some results since GM emerged from bankruptcy on July 10, it wasn't enough to impress them.

They sent a clear message to Henderson that it was time to go. He obliged with a letter of resignation.

Whether it's a good idea or not depends on whether you think GM should have gotten rid of Opel and whether you think an old AT&T/SBC guy, Ed Whitacre, is the right guy to be running GM.

The board also balked at the idea of selling GM's Opel division in Europe, which had been put together under Henderson's watch. They unraveled the deal in the final stages and upset the German government, which backed the deal. Whitacre's public comments in November about when the company might go public again also seemed to be at odds with Henderson.

Now, I expect bmaz to come in here and bitch about another ignorant MOTU coming in and pretending to know how the auto business works—and he may well be right.

But I remember how similar things were said of Alan Mulally (who came from Boeing), and he certainly stirred up Ford in a good way.

Here are my thoughts. First, I was up in GM's Tech Center just after Henderson took over. And I could tell that at least at the product level, Henderson had a great deal of support. He had said GM was going to change its focus at the product level, and people obviously were buying in. So I do believe that Henderson had the leadership buy-in—among at least some GM employees—to do what needed to be done.

But I'm agnostic on whether shedding Opel ever made sense. I can see how proposing it made sense, in the short term of bankruptcy. But as with Ford, many of GM's best product innovations have and will come from Europe, if for no other reason because the European market looks like what the US market needs to become. Plus, in the same way you need China to be a viable auto company in this day and age, I still believe you need Europe. That said, the Opel deal crashed in amateurish fashion, pissing off Germany while making the UK happier. I'm not sure pissing off Germany, though, is the way to compete in Europe in this day and age.

There are several other issues behind the forced resignation, according to the Free Press. First, GM's sales weren't where they should be, according to Whitacre. I'm not entirely sympathetic to that. The Cash4Clunkers came at a really bad time for GM—just after bankruptcy and too early to use it as an intro to the Cruze (and it took them a while before they pushed the Equinox as a C4C vehicle). And GM still suffers from dispersed branding. That is, I think it's unrealistic for GM to make an immediate turnaround when the restructuring hasn't gone through yet. It has taken Ford two years after it fixed its own branding to turn around, after all.

And then there's the push to bring product to market more quickly.

Following the first board meeting in August, Whitacre said the board was asking whether future products could be brought to market quicker.

Now maybe it would be possible to bring out new products more quickly. Maybe there is merit to disrupting the very complex model year and product cycle schedules that every car company relies on to manage new product introductions.

But I worry that this push to introduce products more quickly will come at a price—the price of doing it right, both from an engineering perspective (you don’t want the Cruze to come out with all sorts of recalls, after all) and from a marketing perspective (if you introduce a product but don’t have the marketing budget to support it, it’s not going to do much good).

It may well end up being a good thing to get rid of GM’s old top management. It may well be that Henderson was insufficiently attuned to the realities of being a publicly-owned company. But that doesn’t mean that Whitacre knows fuck-all about the auto business yet.