

BOB LUTZ HANGS UP ON ED WHITACRE'S GM

The inevitable has been announced; Bob Lutz is leaving Ed Whitacre's new General Motors. From the New York Times:



Vice Chairman Bob Lutz will retire from the automaker effective May 1, people briefed on the plans said on Wednesday.

Lutz, 78, had been serving as a senior adviser to GM Chairman and Chief Executive Ed Whitacre after shelving retirement plans to take charge of the automaker's marketing after it emerged from bankruptcy in July 2009.

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The announcement comes a day after GM shook up its sales and marketing operations in its home market for the third time in five months.

Lutz was charged with overhauling GM's marketing efforts under former CEO Fritz Henderson, but he appeared to have been sidelined by Whitacre, a former AT&T executive brought in by the Obama administration.

In late February, Whitacre named Stephen Girsky, a former investment banker, as special adviser and vice chairman in charge of corporate strategy, a move that raised questions about the tenure and role of Lutz.

And it really was inevitable. Last December when Fritz Henderson was unceremoniously dumped in a midnight putsch by Ed Whitacre, the former corporate phone boy from AT&T, we had some things to say here. Marcy, noting Whitacre's professed desire to ram products to market quicker – to do everything quicker – observed:

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).

And I commented that the Whitacre putsch had other consequences too:

There is one other consideration. With Fritz gone, the only marketable face GM has left to the actual auto people is Bob Lutz, and he will bolt in a heartbeat if he thinks the wrong car decisions are being made. Lutz is very comfortable with the big money wheeler dealers, but he is, first and foremost, a car guy all the way. And he does not need the money or grief. If they were to lose Lutz in any short order in addition to Henderson, they will have a potential real mess.

Well it turns out the thoughts may have been prescient. And make no mistake, Lutz is in fine health and as active and ornery as ever; he is leaving because he is dissatisfied with what he sees happening under GM's newfangled corporatist leadership. Lutz did not agree to stay on a mere couple of months ago just to up and leave now; at least not if he was satisfied with the plan and direction of the company.

No, despite the happy talk you may see in the news, Lutz doesn't like what he is seeing. In an

article hitting the New York Times last night, reporting the second shuffling of sales and marketing leadership in GM in the last three months (i.e. since Whitacre took over), came this ominous passage tacked on to the end of the article almost as an afterthought:

The moves are a sign of Whitacre's impatience, but may not be wise because it generally takes 12 to 18 months for people to become effective in their jobs, said Jeffrey Sonnenfeld, senior associate dean at the Yale School of Management.

Whitacre, Sonnenfeld said, is all about convincing people to buy GM's products rather than improving them over the long term.

"This is an illusion of take-charge as opposed to actually working on strategic visions, creating great product," he said. "This is his, I think, extremely short-term view."

So Ed Whitacre, an AT&T corporatist specializing in huge executive compensation packages while screwing his customers, was the guy the Obama Administration and the Wall Street Masters Of The Universe led by Steven Rattner installed, and he wasted little time in getting rid of Fritz Henderson, a widely respected executive steeped in the automotive industry and trusted to make the GM transition, first made himself temporary CEO and then decreed himself permanent CEO after a Dick Cheney like comprehensive search for the best person for the job.

And now Phone Boy Whitacre, who was supposed to be being advised and trained on such issues by Lutz, one of the most accomplished and successful marketing and product development guys in the history of the automotive business, has instead lent his ear to Girsky, the former investment banker, for "corporate strategy". That is corporate strategy writ idiotic.

Say what you will about Bob Lutz, and much has been said over the years, the man is the consummate car guy, both in his love for them and his legendary track record in producing and marketing them. BMW was floundering along as a marque when Lutz weighed in on the design and development of the now ubiquitous 3 Series and made it the centerpiece in the push to establish their presence in North America. That worked out pretty well, to put it lightly.

It may be hard to grasp right now, but there was a time when Ford was on the ropes, and if not for anti-trust concerns, probably would have been in real danger of sinking. For all of the things said about the Ford Explorer, it single handedly saved Ford and reinvigorated the company. That was a Bob Lutz program (no, he did not design or specify the crappy Firestone/Bridgestone tires and corresponding suspension tweaking that led to the problems).

Same with Chrysler; while his Chrysler products like the new Ram truck, Viper, Prowler and LH platforms that led to current sedans like the 300, Charger and Challenger may not have been very eco-friendly, they were the pizzaz and new blood that, for a period gave new life and a continued existence to a dying brand. What has occurred at Chrysler since he left, a moribund company with no desirable products and no buzz whatsoever, speaks volumes.

In short, love him or hate him, Bob Lutz is a man with vision, guts and an unparalleled record of success in product development and marketing in the automotive manufacturing world. But Ed Whitacre has decided to listen to the former investment banker guy and scurry around like a chicken with his head cut off in an impatient search for instant gratification and profit. Ladies and gentlemen, your "New GM" as brought to you by the Obama Administration and the Wall Street Masters Of The Universe.