

A CONVERSATION WITH GM NORTH AMERICA PRESIDENT, MARK REUSS

At the auto show yesterday, I had the opportunity to participate in a round table discussion with GM's recently appointed President of North America, Mark Reuss. Reuss was a pretty down to earth guy who had worked his way through the engineering and product side. He described spending Fridays actually doing vehicle drives with engineers to stay in touch with the cars. Reuss had an ongoing banter—which I think had started on Twitter—with some of the auto bloggers who also attended the conference.

He listed three things that are his top challenges for 2010 (where I use quotations, they are my rough transcriptions of what Reuss said).

- **Getting through dealer legislation with integrity and transparency.** As I've covered a number of times, as a result of pressure from Congress, GM and Chrysler are going to review the decisions about dealer closures they made last year and give dealers an opportunity to arbitrate those decisions. Reuss saw this as a huge opportunity to make sure GM had the right size of dealer network. To make these

decisions, he envisioned he'd be working through every dealership, working through that every day. Reuss said the criteria for the decisions would be dealer throughput, the dealer network in the area, and the customer satisfaction for a given dealer. Reuss did say he thought GM's relationship with the dealer body is very very good.

- **Change the perception of North American customers of what this company is about and what it's going to offer.** About GM's new products, Reuss said (roughly), "We've got product now that we haven't had in my career. I don't want to say it's competitive, I want to say it's winning product." He talked about the trust that GM will need to build after having gotten loans from the government and gone through bankruptcy and hoped to build that trust by using his own behavior to model a customer focus. He talked about hoping to use social media like Facebook to become more responsive to

customers' problems and concerns. "How can I ignore someone who sends a message to our inbox that they can't get their Terrain?" he asked. He described one recent example of a person who bought a Cobalt, where a couple of engineers drive 8 hours to State College to repair a wheel house liner, and clean the car up.

- **Position the cars better from a market and advertising standpoint.**

Reuss talked about making smarter decisions with media and advertising. Particularly on point, given all the concerns about bailed out companies sponsoring bowl games and the like, he said, "I don't think the most efficient [advertising] spend for us as a company is sponsoring a big event. I really do think the most efficient spend is at grassroots events. On the coasts in particular. If we show people at a Little League baseball game what the car is, there are going to be some people that are interested in our cars. There's a whole generation of people that we have an

opportunity with to teach the new GM."

Reuss had some interesting responses to particular questions.

In response to a question about reliability, he admitted GM right now is unproven (as with a Caddy that Consumer Reports highly rated, but would not recommend because the quality was unproven). He admitted that GM needs to prove it has the quality to compete.

In a follow-up question on the dealer network, he admitted a really important point about the dealers—that GM had flooded them with product, making it very difficult for the dealers to sell the cars on value. "We overproduced, the dealer has to sell that, they have no choice. If we're selling a good car at a good value, and the customer understand the value and design and reliability, the dealer will sell that car that way. Dealers know how to sell that car. It's all about the car and the brand." This is a point I've been making repeatedly—until the US auto makers (and this includes Ford) stop selling on price to push product out the door, and instead start selling on the quality of their product, they're going to have a hard time to sell these cars profitably.

One person asked a question I asked elsewhere: will GM offer manual transmission and/or diesels in non-performance cars. Reuss talked about doing so in an upcoming Buick. "I think that can be really fun that's not in the hairy gold-chained kind of thing. It can be done in an elegant sophisticated way." He said GM had some great diesels around the world, and seemed to want to bring them to the US, if they could find segments in the US in which "there's people that will pay to have the equipment to clean it up that makes it a good emission performer."

In response to my question about the Congressional delegation that had attended the show yesterday, he said it was, "a big deal to meet some of the folks that helped us," and

described thanking them for that help. Meeting them, he said, meant "They could put a name with a face to me." He went on to describe their response: "I think they were honestly impressed, we showed them the Volt, and the Cruze. The Cruze is the first real small car this company has had in a while. I launched the Cruze in Australia. Between those two cars, that's about 6500 jobs." (I'll have much more on the CoDel later today.)

Finally, he said this about the connection between GM's having received the government bailout and his desire to really work on rebuilding relationships with GM customers. "People have got to understand that I care, employees have the will to win. This isn't about a consumer brand choice, it's a relationship. If they're not buying into the relationship, I take that very personally. I don't want to fool around with taxpayers'—or my own—money. Because we'd have this whole thing happen again."

Of the GM folks I talked to yesterday, Reuss was one of the more impressive. Sure, he's saying a lot of the things he knows he needs to say (though it is nice to have him admit he's working with taxpayer money). But he also seems very grounded in the cars, aware that GM needs to prove itself, and willing to support the kind of customer service to make sure it does so.

Disclosure: GM hosted me for this event, which means they did things like pick up my credential for me, take me and others to dinner on Sunday night and breakfast on Monday morning.