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## **GM's Chairman Seizes the Wheel**

By JOHN D. STOLL and KATE LINEBAUGH

Fritz Henderson, chief executive officer of General Motors, holds a press conference to give GM's first post-bankruptcy financial report at GM headquarters Nov. 16 in Detroit.

Facing increasing pressure from his board of directors, General Motors Co. Chief Executive Frederick "Fritz" Henderson resigned Tuesday, leaving the company in the hands of its chairman, Edward E. Whitacre Jr.

Mr. Whitacre, a former AT&T CEO who was brought in by the U.S. government this summer to force GM into a hard-nosed restructuring, will serve as interim chief executive until a successor to Mr. Henderson is found.

"I am now convinced more than ever that our company is on the right path," Mr. Whitacre said at a hastily organized news conference at GM's Detroit headquarters. "But we now need to accelerate our progress toward the goal of returning to profitability and repaying the U.S. and Canadian governments."

GM was reorganized in bankruptcy court with the help of about \$59 billion in loans from the U.S. and Canada. The U.S. now owns a 68% stake in GM, and Canada, 8%.

On Tuesday, Mr. Henderson and the board agreed a change in leadership was needed, said GM spokesman J. Christopher Preuss. "Given where we are at this point, the board and Fritz made this decision," Mr. Preuss told reporters.

"There was no direction or input from the government," he said. "It was completely by the board and of the board."

Mr. Whitacre, sounding weary, declined to take questions. "It has been a hectic day," he said, promising to elaborate on the matter in a few days.

The White House and Treasury Department declined to comment on Mr. Henderson's departure. "We were not involved in the decision," said a Treasury spokeswoman. A White House adviser also insisted the administration had no involvement in the move.

In recent weeks, differences surfaced between Mr. Henderson and some board members, including Mr. Whitacre. Mr. Henderson had planned to sell a majority stake in GM's Opel unit in Europe until the board voiced opposition and eventually overturned the plan in November.

Mr. Whitacre also said recently in an interview with The Wall Street Journal that the board wasn't comfortable with management's forecasts for 2010 and indicated the CEO's timetable for an initial stock offering could be too optimistic.

In addition, GM's deal to sell its Swedish Saab brand fell apart last week. Mr. Henderson went into a two-day board meeting Monday ready to let Saab die but the directors decided to take a closer look at a new crop of offers, people familiar with the matter said.

Mr. Henderson didn't participate in the news conference Tuesday and didn't return calls seeking comment.

Mr. Preuss said GM would launch a search for a new CEO. Bringing in an outsider as CEO would be a dramatic cultural change for GM, a company that in the past ran its own management-training institute and relied almost exclusively on home-grown talent.

#### Pay Restrictions

Hiring an outsider could be difficult, however, because GM is bound by the executive-pay restrictions put in place by the Obama administration on companies and banks that received federal bailouts.

People familiar with the matter said the announcement came as a complete surprise to GM's management team. After the board meeting, Mr. Whitacre sat down with GM executives, saying little more than he did when he faced the media a few moments later, these people said.

Mr. Henderson had been scheduled to give a keynote address at the Los Angeles auto show Wednesday. The address will be given by Robert Lutz, GM's head of marketing, Mr. Preuss said.

Privately, members of GM's board, including TPG Capital chief David Bonderman and Stephen Girsky, a onetime auto analyst, had been pressing Mr. Henderson and his staff for more concrete data on the business, and more clarity on GM's direction, said people familiar with the situation. A key question was how Mr. Henderson's team would lower customer incentives and, at the same time, boost market share.

One misstep appears to have been Mr. Henderson's strategy with Opel. His plan, to sell control of the unit to Canadian auto supplier Magna International Inc., befuddled some board members. In meetings, directors asked how GM would proceed with a global strategy if one of the biggest pieces of that strategy was no longer under GM control.

Ultimately, Mr. Whitacre is expected to do one of two things in regard to GM leadership, according to a person familiar with his thinking. He could stay on as CEO for an extended period, creating a radically different structure that more closely mirrors the telecom companies he used to run, or he will look for a pure outsider who can come into GM with a fresh set of eyes. Mr. Whitacre himself said upon taking the GM post that "I don't know anything about cars."

### Ford Blueprint

One of the blueprints for Mr. Whitacre promises to be Ford Motor Co., which brought in Alan Mulally as CEO from Boeing Co. in 2006, this person said. Mr. Mulally, a lifetime airline engineer and executive, revamped Ford with fewer brands and a focus on remaking its balance sheet.

Mr. Henderson, 51, took the reins of GM in March after the government forced the resignation of Chairman and CEO Rick Wagoner. The government wanted to name Mr. Henderson interim CEO, but he objected, saying the interim tag would reduce his ability to force change.

Mr. Henderson's career at GM began in 1984 after he graduated from the University of Michigan and Harvard Business School. The Detroit native, whose father was a GM executive, started in GM's treasurer's office.

In the past decade, Mr. Henderson developed a reputation as one of GM's turnaround specialists, starting with a restructuring of its Asian operations. In 2004, he was dispatched to overhaul the European operations, but GM Europe has continued to lose money and market share.

Mr. Henderson had an important role in GM's efforts to cut labor costs by negotiating new contracts with the United Auto Workers union. He also played a central part in GM's restructuring and bankruptcy, and in the negotiations among government officials, union leaders and creditors to secure federal loans.

Mr. Henderson was often more blunt than other executives in his public assessments of GM's problems, and as finance chief he offered more details than predecessors about GM's increasingly grim results. That helped to win over skeptical government officials who thought the company needed a culture change.

### 'New Blood'

Steven Rattner, who headed the auto task force when Mr. Henderson was elevated to replace Mr. Wagoner, said recently that Mr. Henderson was given the chance to lead the new GM despite coming from the same culture and management team. "The overarching question mark is whether without an infusion of new blood its management team can implement the massive cultural change that is needed," Mr. Rattner said in October.

"It was too much to expect an insider to do what needs to be done at GM," said John Casesa, a veteran Wall Street auto analyst and former GM product planner. "It was asking Fritz to go in and excommunicate a bunch of family members and ask them to choose another religion."

"I never thought Fritz was a permanent solution," added automotive turnaround veteran Pat O'Keefe, who doesn't work for GM. "He was part of the old guard."

By choosing Mr. Whitacre as interim CEO, the board may have wanted someone as proactive as its members have been and who had the added benefit of experience in mergers and acquisitions as well with government oversight while working in the telephone industry.

"GM just had the failed sale of Saturn and failed sale of Saab so maybe [Mr. Whitacre] brings something in his tool kit to handle that," said Mr. O'Keefe, the managing member of O'Keefe & Associates.

---Neil King Jr. and Matthew Dolan contributed to this article.

Write to John D. Stoll at [john.stoll@wsj.com](mailto:john.stoll@wsj.com) and Kate Linebaugh at [kate.linebaugh@wsj.com](mailto:kate.linebaugh@wsj.com)

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