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## **GM 'needs some stability'**

### **CEO expected to stay just long enough**

**Robert Snell and David Shepardson / The Detroit News**

Edward E. Whitacre Jr.'s tenure as chief executive at General Motors Co. likely will last a year or two, long enough to address lingering problems in North America and Europe, prepare the automaker for a public stock offering and groom a successor, analysts said.

That would give the 68-year-old former chief of AT&T Inc. time to make progress toward slimming GM's dealer network, mending supplier relationships, crafting a clear brand message, boosting market share, restructuring in Europe and, most important, restoring profits.

Whitacre got the top job nine weeks after he assumed the CEO role on an interim basis when former President and CEO Fritz Henderson resigned under pressure from GM's board.

Whitacre is the company's third CEO in 10 months, and his appointment is aimed at calming a tumultuous period in GM's history that has rankled employees, customers, dealers, potential buyers, suppliers and others.

"I would not expect him to be CEO for more than two years," said Maryann Keller, a longtime auto industry analyst and head of Maryann Keller & Associates in Stamford, Conn. "At that point, he would be frustrating people around him. By that time, General Motors should have a cadre of senior executives who are both known and ready for greater authority and greater responsibility. Does he really need another career building another broken company? I don't think so."

During Whitacre's short tenure as CEO, he has instituted a broad shakeup of senior management; installed a new chief financial officer, Christopher Liddell, who was CFO at Microsoft Corp.; and promoted several longtime GM managers to prominent positions, including Mark Reuss to the key post of president of North American operations.

Liddell is viewed by some as a CEO heir apparent, but the new management team's performance will influence Whitacre's success and the length of his tenure.

"He's got a fairly untested team in some fairly high-powered spots," Keller said. "Are they the right people? The CEO is going to be measured by the people who surround him."

Whitacre vowed Monday to repay the automaker's \$5.7 billion in outstanding U.S. government loans by June. GM had said earlier it "intended" to repay the loans if the economy didn't weaken. GM also committed to repaying \$1.2 billion in outstanding Canadian government loans by June.

But taxpayers may still lose tens of billions on their \$50 billion investment in GM.

Whitacre was noncommittal when asked how long he envisions serving as CEO.

"I am going to do it for a while," Whitacre told reporters Monday at the company's Renaissance Center headquarters. "This place needs some stability. ... This is the right thing for this country."

Whitacre, and GM's board, eventually will need to be more specific about his tenure in the top job if GM wants to persuade investors to buy shares in the reorganized company, Keller said.

"One of the key things " Keller in an (initial public offering) is 'who is running the show?' said. "When you put new money into a company, you're betting that they have the people to turn your dollar into something a little more than a dollar."

The appointment could settle investor doubts about the company's restructuring since GM emerged from bankruptcy last summer with about \$50 billion in federal aid.

"The last thing GM needs right now is its fourth CEO in less than a year," said Michelle Krebs, a senior analyst with Edmunds.com, an auto shopping Web site. "More than anything, GM needs stability -- stability in leadership, stability in direction -- so that it can sell cars, boost market share, make money, get its financial house in order and go public again."

The timing of a public stock offering will depend on the economy's health and whether GM can post sustained sales and market share improvements. While Whitacre has been noncommittal about the timing of an initial public offering, the Obama administration's top auto adviser, Ron Bloom, expects it to happen by the end of the year.

GM's board boosted the odds of convincing investors to buy those shares by removing "interim" from Whitacre's CEO title.

"He's not someone who grew up within the GM system and that's partly what the financial community was looking for," said Brad Coulter, director of O'Keefe & Associates, a Bloomfield Hills financial consultant and turnaround adviser.

Whitacre's new salary will be disclosed in coming days in a filing with the Securities and Exchange Commission. He declined to discuss it Monday.

Whitacre -- unlike younger external candidates -- doesn't need the money. After heading AT&T and its predecessors from 1990 to 2007, he retired with a \$158 million retirement package.

His wealth could grow substantially if GM launches a successful stock sale. That possible payday and the high-profile nature of the CEO post -- Whitacre already has starred in TV commercials -- might have convinced him to stay in the job indefinitely, said David Cole, chairman of the Center for Automotive Research in Ann Arbor.

"His ego is getting a lot of strokes."

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