



Daniel F. Akerson

**EDITORS' NOTE** Daniel Akerson has held his current post since 2010, the same year during which he led the company's initial public offering – the largest in U.S. history. He joined GM in 2009 as a member of its board of directors. Before joining GM, Akerson was a managing director and head of global buyout for The Carlyle Group in Washington, D.C. Akerson also served as CEO or President of several telecommunications and technology companies, including MCI, Nextel Communications, XO Communications, and General Instrument. Akerson chairs his family's Blue Earth Foundation, which provides financial assistance to programs serving young people. A graduate of the U.S. Naval Academy with a bachelor of science in engineering, Akerson earned a master's degree in economics from the London School of Economics.

**COMPANY BRIEF** General Motors Company ([www.gm.com](http://www.gm.com)) and its partners produce vehicles in 30 countries, and the company has leadership positions in the world's largest and fastest-growing automotive markets. GM, its subsidiaries, and joint venture entities sell vehicles under the Chevrolet, Cadillac, Baojun, Buick, GMC, Holden, Isuzu, Jiefang, Opel, Vauxhall, and Wuling brands.

### How do you define the role of CEO today and what are the key characteristics for the job?

Today's CEO role is multidimensional, complex, and something you need to work at continuously.

A good leader starts with three basic attributes: you have to be competent in your job; you have to have integrity; and you have to have passion. If you fail in any of those three, you won't be an effective leader.

A good leader also defines reality and needs vision – in other words, the ability to articulate where an organization is and where it

# The New General Motors

An Interview with Daniel F. Akerson,  
Chairman and Chief Executive Officer, General Motors Company

needs to go. As such, a leader has to have confidence in his or her own judgment and, as a result, that person must be a good assessor of risk and a good allocator of scarce resources, both human and capital.

All of these attributes must be bound by a sense of duty. For me, it's a privilege to lead large, complex organizations, and GM in particular, as the company emerged from its darkest hour. You must also act with transparency, accountability and, most importantly, the highest standard of ethics.

Combined with a leader's drive and a will to win, the organization will begin to emulate those behaviors and evolve. This gives the organization the courage to challenge the status quo, to recognize that the past is not always perfect, and to drive change even deeper within.

**Were you able to encourage the employees to adapt to the transition and understand the evolution that the company needed to undergo?**

Change is hard for everybody. It was particularly threatening for the GM organization post-bankruptcy because we were in uncharted waters – we knew we had to start over, but a lot of people didn't know if we could get the ship underway or much less righted.

At first, there was a sense of relief that the capital markets accepted the new GM back. But, below the surface, I knew that there were still many things that needed to be fixed and I tried

to communicate a sense of urgency. Because turnarounds have been a big part of my career, I have recognized the assumption that you're okay because you're making money, and that's a mistake.

The good news is that we were in bankruptcy only 39 days and there was no irreparable damage to our brand. The bad news is that we were only in bankruptcy for 39 days. Much of the bureaucracy, complexity, and the issues surrounding quality and material costs, were all still resonant if not well-rooted in the company, and we had to address bad practices of the past. We also could not just simply change – we had to radically revolutionize some of the major structural problems of the company.

For example, we had to move fast to make the organizational and structural changes that would enable us to quickly capitalize on opportunities and protect product programs from exogenous risk. This would include creating world-class systems in our IT and financial systems; instituting enterprise risk management; rebuilding customer, dealer, and finance capabilities; maintaining a fortress balance sheet; and simplifying processes and reducing complexity.

We still have more work to do – especially in areas like material costs and logistics – and our job is never really finished. But the sense of change you get around GM is real and there's



2014 Chevrolet Corvette

a palpable confidence that we're making progress. We believe we are on plan to position GM for success now and for the long term.

**Are you better off addressing that kind of change all at once?**

While you would like to be able to address all of that change simultaneously, the fact is, it's humanly impossible.

You have to know when to throttle back. Sustainable change is not a sprint; it's a marathon. For GM, change is something we have to stay on for years – literally decades – as it took us decades to get where we were.

I believe we're making progress and we're well on a path that positions GM for long-term success. But driving lasting change throughout the organization is something I worry about all the time. It's why I frequently talk about change with our employees. Because we're making money – we made more money in 2011 than we ever made in any one year in the 105-year history of the company – it's easy for our people to imagine the crisis has passed. Even though the crisis to some degree has passed, it's still resonant in much of our practice that needs to be reformed.

**How critical is it to maintain that innovative edge in a company of this size?**

Innovation is only as critical as your ability to convert it into customer value and shareholder wealth.

For example, I was the President of MCI and then I ran a couple of technology companies. MCI was an upstart, but we were the first company to deploy fiber optics in our network. Our prime competitor, AT&T through Bell Labs, invented it.

So you may have the financial bandwidth to invest in research and development, but you have to take the final step in the process – and you need the ability to commercialize it and exploit its commercial value. If you can't, the worst case scenario is that you enable your competitor.

It's that "next step" in our R&D work that I want GM to take.

In our sector, we have been the number-one company in terms of registered patents for the past five years. This is great, but what have we done to convert that into real value for our customers or shareholders? How did we translate our intellectual efforts into dollars and cents? This is what I want going forward.

To accomplish this, we needed to change the model – or culture, if you will – so we put \$100 million aside and created a venture capital fund. The fund is called GM Ventures and it's oriented toward technologies that may have automotive applications, which are then tested by our own talented R&D team.

Under GM Ventures, we have the benefit of coming in as "Acme Innovations" and we get to walk around your idea, we get to kick it and prod at it, and test it. If we think something is there, we'll make a small early investment. We're not trying to make money, but what we want instead is exclusivity for a specified time on the technology that gives us a leg up on the competition as it gets commercialized.



**2014 Chevrolet Silverado LT**

The technology of inductive charging is just one example. Ten years ago, a practical application for inductive charging didn't exist. But today, for your cell phone you will be able to lay your handset down on an inductive pad in your car very soon instead of charging it through the cigarette lighter. That led us to start thinking, "What if we could charge an electric car that way?"

Through GM Ventures, we'll be looking at battery technology, battery density, safety – whatever it has to be around improving the charging times and convenience of charging electric vehicles. In the process, we'll be mixing and matching and putting the market's R&D ingenuity up against our own.

GM Ventures also gives us an outside perspective. It can serve as an external benchmark so that not only are we knowledgeable about what we have invested in, but that we can also benchmark against our own internal resources and performance.

As my team is finding out, I'm an inveterate benchmarker. I want to know how my competition is doing; I want to know how the market is doing; I want transparency; I want accountability; and I want results – all of the things our shareholders demand.

**Has it become more challenging today to show what makes a brand unique in its space?**

The automotive industry is one of the most competitive I've seen, so creating a distinct brand and attracting new customers is always going to be a challenge. The good news is that GM is doing a much better job on all fronts – in design, the retail customer experience, and quality – than it has at any point in its recent history.

How are we doing this?

We have the best, most compelling, and distinct designs in generations and you can look no further than Cadillac, the new Corvette Stingray, or the redesigned Chevrolet Impala. Each vehicle has its own distinct design expression. Gone are the days of a *Fortune* magazine

cover in the late '80s that showed a Chevy, Pontiac, Oldsmobile, and Buick parked side-by-side, with each one indistinguishable from the next. I keep that cover in my office as a reminder.

Once the design draws you in, we create value for the customers in the interior – the fit, finish, feel, and quality of the materials – and under the hood. We want to deliver more than they expect, especially in the technologies we offer.

This is particularly true in terms of the greater fuel efficiency of our vehicles. People might be surprised to know that GM was the first to sell over one million cars that get over 30 miles-per-gallon. The Volt has the highest customer enthusiasm score ever recorded by *Consumer Reports*. Our new full-size pickup trucks with a V8 have a greater towing capacity and get better mileage than Ford's six-cylinder engine.

Customers also want greater connectivity and we're going to give it to them. This year, we announced that we'll be putting 4G in all of our vehicles. OnStar still sets the standard for safety and security and provides onboard diagnostics that spot trouble before it happens.

We also believe strong brands are created and customer loyalty cemented throughout the ownership experience. This is why we're now looking at quality, sales, service, and aftercare holistically.

We're pushing our reliability and durability testing out three and five years, and that helps differentiate us from a quality point of view. As a result, this past year, we had 16 models recommended by *Consumer Reports*, and that is the highest ever for GM. We've clearly amped up our game.

Just this year, J.D. Power & Associates also rated us the best for customer satisfaction at the service level. That recognition is a result of how hard we have worked to improve relationships with our dealers – we believe that we should have a hand-in-glove relationship with them. We have something called Essential Brand Elements or EBE. This means that each

dealership has a consistent look and design that matches the brand it sells and services. Think of Starbucks or Nordstrom – each provides a consistent and distinct retail experience regardless of where their store is located. We want our customers to have the same consistent and exceptional retail experience and we have put up as much as \$3 billion to all of our dealers to ensure a common look across the brands.

With GM's best product line-up in generations, this is a great time to have done EBE. We're providing the financing to upgrade these dealerships from the shop floor to the showroom. It's one important way that we're proving to the customer that we're a quality organization and one that can compete with the best in the industry.

**Will most of your growth come from within the U.S. or is there stronger potential overseas?**

Right now, the two largest automotive markets in the world are China and the U.S., and GM is number one in both. We have the largest market share in both markets, and over the past four years, we have grown around four market share points in China alone. China overtook the U.S. in new vehicle sales in 2010 and the forecast for new car sales this year for China is at about 18 million units and we're at 15 in the U.S.

We're also strong in Brazil, India, and Russia. We have different products: in Russia, we sell Opels and Chevrolets; in China, we sell Buicks, Chevrolets, and now Cadillacs; in Brazil, we sell only Chevrolet.

Although our structural problems were predominantly in the U.S., one of the positives is our strength in the emerging markets, like the BRICs in particular, where we have well-established market positions that are growing above market rates.

Looking to the future, not only are we going to try to continue to leverage those markets, but we're going to enter new markets. We just opened a new plant in Indonesia where we essentially have no market share.

We find that once the per capita income gets to around \$2,500 to \$3,000, people start to shift from two wheels to four wheels. Indonesia is the world's fourth most populous country and it's at that income level now, so it's a good time to enter.

**Despite the down times, there have been many successes. Can you appreciate what you have accomplished and the cultural change this company has undergone?**

It's good to periodically recognize and appreciate the progress we have made – but only for a brief moment. When I look at what is before us and what we have to do even now, it's daunting.

When I talk about culture, it means focusing on the customers and winning them over – let's not focus on what we can do, or what we think is good enough or competitive enough for the market. I want to banish the word "competitive" from the GM vocabulary. I want to win and I believe our organization wants to win.

On a daily, practical business basis, it's a matter of simplifying processes and reducing complexity – for example, at one time, we had dozens of different door latches when we only need four; at one time, we had around 30 different options of leather in Cadillac when we only need four or five.

firm sense that results and integrity count. If we operate with these values in mind, we can achieve our vision.

I don't think we can ever kick back and relax for a moment. We can briefly appreciate the distance we have traveled, but we should also appreciate how much further we have to go.

**Did you know when you came onboard that you were the right guy for the job? Has it been what you expected?**

I was confident I could be part of the solution.



2014 Cadillac CTS

We overcomplicated things. There could be hundreds of different notices on your control panel that you would see while driving a car. Knowing the engine's oil life and fuel ranges are important to customers, but do they really care what the temperature is in the transmission fluid? We put complexity in for who, the design engineer or the mechanical engineer? What about the customer who is a contractor building homes or a parent trying to juggle a job and after-school activities? At some point, it can be easy to lose sight of the customer.

On a grander scale, we are creating an aspirational GM culture – one that is high achieving; nimble; personally and professionally satisfying; and, above all, committed to building the best vehicles in the world smartly and very profitably. As an organization, we are working toward a single vision to become the world's most valuable car company.

There are certain values our leaders must instill in our organization – that customers are our compass; relationships matter; and, individual excellence is crucial. As leaders, we must emulate these values in all that we do and drive accountability throughout the organization – a

I brought different skill sets, perspectives, insights, and experience from different industries. I had to learn from the organization and, in a way, the organization had to learn from me.

It was a good amalgamation. I tried to bring in a fair number of newcomers to key slots, but I also wanted to encourage and promote the gifted employees that were already here. There are a lot of top notch, talented people in this company that were somewhat inhibited by past practices and I wanted to find them.

In some respects, I see myself as a conductor of an orchestra. I have to make sure everyone plays well together and I have to acknowledge that somebody is going to sit in the first chair and the second chair. I have to be an assessor of talent, ambition, commitment, desire to win, capability, and raw knowledge.

We have brought together a very good team and I would put this team up against any management team in any industry I've worked in. All of us want to win and all of us think we can be better.

We're going to persevere. We're not going to give an inch and we're going to continue to succeed. Today's General Motors is a new company and we're proud of the progress we have made, but we recognize that we have a long way to go. ●