



NEWS RELEASE

FOR IMMEDIATE RELEASE

February 20, 2006

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Is GM Dead?

China's pending invasion will kill GM if the company doesn't change today

Novato, California (February 20, 2006) – GM is once again telling us job cuts are the answer to their problems, yet without fundamental changes to GM's culture the benefits will once again be temporary.

America needs the jobs General Motors creates. China will soon unleash it's assault on the American automobile market and no company is at more risk than GM. Make no mistake about it. China wants more than just for you to buy a car. They want to crush the American automobile industry.

For instance, GM used to employ 22,000 people in towns like Anderson, Indiana where now there's not even one GM employee. Today Anderson has almost 20 percent fewer residents than 30 years ago and it's a ghost town scenario that's being repeated across America as we ship more manufacturing overseas.

Every 5-10 years GM management offers the same conclusion. The solution to their problems is layoffs and selling profitable divisions to stem the red ink. It's time for GM to move beyond blaming labor and its customer base. Executives need to take a long, hard look in the mirror and concentrate on removing the disease infecting the company.

Based on the book, Success With People, here's a straight-forward 12-step program for General Motors to overcome past problems and return to the road of prosperity for stockholders, *all* of its employees, and the nation.

- 1. Systematic Power:** Systems to run a company need to be efficient and effective, not bureaucratic and slow. GM needs to review and improve the way they do everything including labor relations, product development process, manufacturing, marketing strategies, customer care, and distribution network. Change the culture before it's too late.
- 2. Understand How You Make a Difference:** If GM manufactured a Suburban that got 50 miles per gallon on a clean-burning fuel, wow, would have meaning beyond a paycheck for GM workers! When your employees find meaning in their work, then they do their best. Until that time according to Gallup & Co. you've only got about 25 percent of your employees engaged. You cannot compete with only 25 percent of your

employees fully engaged in doing their best work. Get your people engaged or you might be laying them all off within a decade.

3. Live It – Observe It – Improve It: LOI: Do GM executives and designers even drive their own cars? It doesn't seem like it. It's clear GM can develop better products and obvious that it needs to do so quickly. The starting point is a new vision for an automobile company. Just look across the street at what Bill Ford's doing at Ford Motor Company. Ford is driving the company quickly to build environmentally friendly cars, exciting designs, totally recyclable vehicles, and finding a balance between profit objectives and employee compensation. GM needs to go beyond simple incremental improvements to a passionate out-of-the-box change of your business model.

4. Sanctuary: Too many people work hard, not smart. If GM ever starts running in the right direction, it needs to balance great, focused effort with pauses to rest, reflect on opportunities and assess risk. There must be a balance between boldness in business and time with family. Just working hard doesn't guarantee anything.

5. Success Plans: Years ago Lee Iaccoca explained he invested time each Sunday evening to plan his week. It's hard to imagine GM leadership is carefully planning each day and week in advance to make certain key objectives are achieved for the long-term success of the company. More focus on big objectives is crucial right now.

6. Pass The Baton on Job Responsibilities: Unfortunately the adversarial relationship of GM and its unions distorts a job description into an excuse not to work as a team, and in the case of executives, too often removes them from regular interaction with customers and people at different levels of the company. The result is low productivity and a poor understanding of how to grow the business. GM needs to come together as a team or the game is over.

7. Right Person – Right Job: Again, due to the historically outdated relationship between GM executives and their unions, there is not enough focus on getting the best people into the right jobs and having them work together. The hiring process needs to be reviewed and enhanced. Toyota, Honda and Nissan are beating GM with American workers. GM needs to redefine its relationship with its employees.

8. Compensation That Pays: Changes to GM compensation are 20-30 years overdue. Executives are grossly overpaid based on performance. Union workers need to be paid on performance and defined benefit retirement plans need to be scrapped immediately before they bankrupt the company. Compensation should drive teamwork and reward excellence. Union workers should be paid more because they are the best workers in the world, not because they are union workers.

9. Listen More: Regular discussions need to take place between workers and managers, including individual meetings, so workers are heard and affirmed. Too often the only time workers hear from their managers are when they have done something wrong. GM can quickly get back into the game by changing their culture of manager and employee interaction.

10. Goals That Work: Too often goals are set and then not followed-up on by either managers or workers. It's clear GM needs to have strategic goals that cascade through

the company so everyone is focused on achieving the same results. It's time to mature into an organization that is working as a team rather than management vs. union.

11. Halftime Reviews: Workers want to know how they're doing, but I suspect the performance review process at GM is a once-a-year agony rather than part of a system of continuous improvement. Managers and workers need to set clear objectives, evaluate progress often, work together for solutions, and validate achievement on a regular basis.

12. Coach – Do Not Play: More responsibility needs to be passed to GM workers who understand the revised mission of the company and take ownership for certain tasks. Too much control is in the hands of executives and union leadership. Our experience coaching executives has shown the key is to train, observe, ask questions so the “player” learns how to make better decisions on her/his own, and continue to follow-up as long as the objective is being pursued.

In conclusion, I suggest the need for a visionary leader to turn around General Motors is one of the most exciting opportunities in America today. Richard Wagoner, the current CEO, may be the man for the job. My concern is GM needs breakout ideas and the American automobile industry has an abysmal track record of producing such leaders. Who does Wagoner have on his team that can help him come up with the next great idea? And will that person be listened to, supported and encouraged to keep coming up with more ideas?

My hope is that GM's board of directors has the integrity and guts to appoint a leader and/or leadership team who go beyond job cuts and plant closings to revamping GM's corporate culture. Jerome York's participation on the Board is a big positive. It's time for a change. It's time for the American automobile industry to grow again rather than be crushed by the Chinese, Koreans, Japanese and Germans.

As a nation we are fools if we stand by idly while our automobile industry dies.

About Success with People

Success With People, Inc. (www.successwithpeople.com) offers coaching, consulting, assessments and services focused on helping entrepreneurs, managers and business owners manage people and priorities more effectively. *Business, like life, is about relationships.* Our quick-to-learn, easy-to-use system helps leaders and managers build stronger, more productive relationships with employees so people can achieve their dreams.

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