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Success With People CEO: Auto Bailout is the “Wrong Question”

Management expert cites auto industry failure as opportunity for energy independence

Novato, California (December 3, 2008) – In an open letter to President-elect Barack Obama, Success With People CEO David Russell urges the incoming President to avoid repeating past mistakes by allowing the auto industry to continue its traditional course.

Much has been written about how much money the United States government should spend to bail out U.S. automakers and how it should be spent. In all the debate about arrogant executives, greedy unions, foolish investors, potential job loss and impact on the economy we overlook what should be the most important consideration.

“The primary objective of any government investment in the U.S. auto industry should be to rapidly remove America's dependence on foreign oil,” said Russell. “As President-Elect Obama has stated, our nation needs to become energy independent and better stewards of our environment. The auto industry's demise because of the greed and mismanagement of corporate executives and union leaders provides an opportunity for radical reinvention.”

Making energy independence the primary objective of any investment in our domestic auto industry transforms the debate and allows us to focus on the steps that need to be taken quickly. Russell proposes some considerations:

1. The auto industry offers us an opportunity for the "man on the moon" project. We need significantly higher fuel efficiencies, hybrid cars and non-oil fueled vehicles immediately. Let's not miss this chance to show the world America can once again do the impossible.

2. U.S. automakers need to seriously consider entering Chapter 11 bankruptcy to restructure their organizations. Management, union personnel and other employees must be paid based on results, not position or union membership. No compensation of any kind should be promised that is not paid within 30 days of the year it was earned. Debt needs to be restructured. People throughout each organization need to be trained how to work more effectively together to improve efficiencies, inspire innovation and increase profitability.
3. U.S. automobile manufacturers have expertise, facilities and skilled labor. What they lack is a shared purpose. No funding should be given to existing U.S. manufacturers for this project, but rather they should be encouraged to start entirely new corporations that are owned by existing shareholders and make use of existing assets. These new corporations can have new employment contracts for all employees and be dedicated to pursue a new, meaningful corporate objective: Energy independence for America.
4. Government should fund projects to rapidly bring a new generation of automobiles to market. Government should work in partnership to accelerate approval processes while maintaining testing standards. Although U.S. manufacturers should be a priority, foreign manufacturers that develop and build automobiles in America should not be removed from consideration.
5. Lastly, part of the government's investment should be to create retrofit hybrid, alternative fuel or all electric engines for existing vehicles. The automobile industry does not want to consider this, but if our objective is energy independence then retrofitting existing vehicles could be the most rapid method of reducing America's need for foreign oil.

President-Elect Obama has talked a lot about change in his campaign,” said Russell. “Change is painful, but the good news is the automobile industry is already feeling the pain. Think about it, why buy a car that gets 20 miles per gallon when you know in 2-5 years you can buy a car that will get 50-100 miles per gallon, or not use gasoline at all? You don’t have to create pain in the auto industry to bring about change . . . you just need to respond to it.

“This is an opportunity for Mr. Obama to demonstrate the power of change, fully display his leadership capabilities, harness the power of passionate Americans, and instill confidence for the future of America.”

About David Russell, CEO, www.SuccessWithPeople.com

David Russell is CEO of Success With People and author of two books on how leaders can overcome their addiction to poor management habits. He specializes in helping small-midsize companies increase profits by systematically utilizing employees. His clients include Microsoft, Cisco, Intel, Ingram Micro, Tech Data and Catalyst Telecom. He also works with global nonprofits such as Opportunity International and Christian Children's Fund.

About Success with People

[Success With People](http://www.SuccessWithPeople.com), Inc. offers coaching, consulting, assessments and services focused on helping entrepreneurs, managers and business owners manage people and priorities more effectively. Our driving passion is to develop life-changing solutions to big problems.

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