



## Will GM's management changes rattle investors?



General Motors is nearing the launch of the fuel-efficient Chevrolet Cruze.

By James R. Healey, USA TODAY  
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General Motors has been churning its top management even as it ought to have been trying for stability to calm potential investors, say some analysts and observers.

For instance, GM announced a new marketing chief for its Chevrolet brand — which accounts for about 75% of GM's U.S. sales — last week just a day after it asked the government to let it sell shares to the public again.

Chevy is key not only as GM's volume leader, but as its "green" brand, on the verge of launching the fuel-efficient Cruze small car and Volt electric car.

Just six days before GM's filing for an initial public offering of stock, or IPO, it made the surprise announcement that Daniel Akerson, 61, a board member with no auto experience, is replacing Edward Whitacre, 68, as GM's fourth CEO in 18 months.

Those moves so close to the IPO could be unsettling by themselves, but they're just the latest. Since spring, GM has replaced heads of major units including overall U.S. marketing, global product planning, Canadian and South American operations, and Chevy sales and service.

**"Management changes increase the risk" that an IPO will flop, because investors get jumpy if they feel a company is in turmoil, says Van Conway, CEO of Conway MacKenzie, crisis management and turnaround specialist.**

**But combined with a housecleaning in 2009 that saw new heads for North American, European and international operations, the upheaval might, on the other hand, reassure potential investors that "this is a whole different company" than the GM that had to go through Chapter 11 bankruptcy reorganization last year, Conway says.**

Perhaps, but only if the changes seem deliberate and long-lasting, says Jesse Toprak, vice president of industry trends at TrueCar.com: "The fourth CEO in 18 months isn't giving the message of stability. I've seen internships longer than GM CEO terms."

The new Chevy marketer, former Hyundai marketer Chris Perry, is the third in that job since December. His boss, U.S. marketing chief Joel Ewanick, also from Hyundai, was hired in May to replace GM veteran Susan Docherty, in place only since March.

"Not everything the old GM did was bad. The very good product portfolio the company has now is the product mainly of the 'old' GM," Toprak says.

Even if the GM churning doesn't dissuade investors, the timing of the IPO might. Coming after just two consecutive profitable quarters, "Investors can't help but wonder if this is a 'rush to judgment,' politically motivated" by the November elections, says Peter Kaufman, president of Gordian Group and head of its restructuring practice.

A successful IPO could let the administration portray the GM bailout with some \$50 billion in federal money — unpopular with many voters — as a win for jobs and for taxpayers.

All GM common stock now is held by the U.S. (60.8%), national and provincial Canadian governments that aided the bailout (11.7%), a United Auto Workers' retiree health fund (17.5%) and bondholders of the old GM before Chapter 11 reorganization in 2009 (10%). When GM goes public with an IPO, those stakeholders can begin to recoup their investments by selling shares to the public.