



GM starts job cuts of 10,000 white-collar workers worldwide

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General Motors (GM) said Tuesday that it has begun the grim task of cutting 10,000 salaried workers around the world, including 3,400 in the U.S., as part of its restructuring effort.

The cutbacks will reduce GM's white-collar workforce by 13.6% to 63,000 this year. Currently, the nation's largest automaker has 29,500 salaried employees in the U.S., down from a peak of 44,000 in 2000.

The latest cut in the U.S. amounts to 11.5% of the salaried workforce. Most of the cuts will occur by May 1, GM said.

Those spared from the cutbacks will be paid less. A temporary pay cut takes effect May 1 that will reduce base pay 3% to 7% and 10% for executives in the U.S. The cuts will go through the end of the year, when they will be reviewed. Pay cuts could extend to GM's white-collar workers in other countries, where the idea is being reviewed.

GM blamed the industry's sales plunge and its restructuring effort for the cutbacks. The automaker endured a 48.9% sales plunge in January alone in the U.S., worse than the industry's overall 37.1% drop, Autodata reported.

The automaker also must produce a progress report on its restructuring by Tuesday in accordance with terms of its bailout loan. If GM and Chrysler, which also got help, can't show they are viable entities, the government can ask for its money back.

As painful as the cuts may be, GM has no choice, says restructuring expert Van Conway. "Every aspect of their business has to contribute to the

viability plan," says Conway, a partner in the firm Conway MacKenzie & Dunleavy in Birmingham, Mich. "They've got to take the risk because they have to take the costs out of the business."

The company's plan, issued in December, called for dramatic downsizing of its workforce and of its divisions, including selling Hummer and Saab, downsizing Pontiac and possibly eliminating Saturn. It also wants to eliminate 1,675 dealers.

"There's a lot of heavy lifting that has to be done" by Tuesday, when the report is due, says GM spokesman Tom Wilkinson. "It's part of a comprehensive look at how we do business."

GM is negotiating with the United Auto Workers union on similar reductions in hourly factory workers. No headcount figure has been released.

Since 2000, GM has cut its hourly workforce from 133,000 in 2000 to about 63,700 at the end of 2008. Those being laid off will be eligible for severance, benefit contributions and outplacement aid.