

McTevia Comments to WWJ on the Appointment of Ed Whitacre as Permanent CEO of GM

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Interim GM CEO Whitacre Named As Permanent CEO

Detroit (WWJ/AP) -- General Motors Co.'s chairman and interim chief executive, Ed Whitacre Jr., is dropping the interim from his CEO title and reaffirmed Monday the automaker would repay in full the loans it got from the U.S. and Canadian governments by June.

Whitacre said GM's board asked him to become permanent CEO last week, ending a seven-week search for a new CEO.

"The board looked at the potential candidates and decided this place needs stability. We don't need any more uncertainty," Whitacre told reporters at a hastily called news conference at GM's Detroit headquarters.

Whitacre also said GM will repay its \$8.1 billion in loans from the U.S. and Canadian government all at once and could pay them even earlier than June.

Whitacre, 68, is a former CEO of telecommunications giant AT&T Inc.

"This guy is a breath of fresh air for GM," said Corporate Turnaround specialist Jim McTevia.

McTevia tells WWJ that Whitacre is a perfect fit as CEO, "The largest shareholder of General Motors is us. And, as a taxpayer, I'm really pleased that you have a turnaround executive there that can manage people," McTevia said.

"I don't think he needs one iota to know about building cars. He needs to know how to manage people." he said. McTevia says Whitacre's success at AT&T will serve him well at GM.

Whitacre has been serving as interim CEO since the board ousted former CEO Fritz Henderson on Dec. 1. GM had hired a firm to conduct a global search for a successor.

Whitacre wouldn't name any candidates the board had considered. He said he intends to stay two or three years, or "long enough to get it done." He wouldn't say what he will make as CEO, saying details will be released shortly. Whitacre said he hadn't planned to become CEO when he was named chairman, but feels comfortable at the company and knows what changes need to be made. "I think this company is good for America. I think America needs this," he said.

Whitacre often says in a folksy Texas drawl that he knows little about cars. But he's already shaken up the company by hiring a new chief financial officer and transferring the old one to China, firing the Chevrolet and Buick-GMC brand managers, combining sales and marketing and consolidating control of GM's core North American market under one executive.

He also seems impatient to spur the plodding culture of GM, where decision by committee, an isolated upper management and fear of risk produced mediocre cars for years. He wants to increase GM's sales and market share while shifting the company's focus to cars from trucks.

Although GM had hired a search firm, there were strong signs that Whitacre would take the job permanently, or at least serve as CEO until the company is on solid enough ground to sell stock to the public in an effort to repay its government loans.

At his first meeting with GM's top executives after being named chairman last summer, Whitacre candidly said he likes to be in charge. "I don't know how to be a chairman and not a CEO," a person at the meeting remembers Whitacre saying.

But he also has told employees and reporters that he would rely heavily on former Wall Street analyst Stephen Girsky and Vice Chairman Bob Lutz for advice in running the company.

Whitacre didn't realize how hard it would be to run the company as an interim CEO, and decided to take the job himself, said Gerald Meyers, a former chairman of American Motors Corp. who now teaches at the University of Michigan.

Having an interim CEO paralyzes the organization because workers tend to lie low to wait for the permanent boss, Meyers said. "Therefore, his demands and requests and requirements are watered down a lot," Meyers said. "He realized if he's not going to run the joint, he shouldn't be there. So he finally stepped up."

Jeffrey Sonnenfeld, a professor at the Yale School of Management, said it was no secret that Whitacre wanted the CEO job when Henderson was ousted. He said it would have been difficult for anyone to take the post with Whitacre managing as chairman.

"The only surprise is that he wasn't transparent about his plans in the beginning. Why didn't he just assume command then?" Sonnenfeld asked. "His ambitions were clear from the beginning when he

pulled the rug from beneath an extremely competent CEO."

Henderson, Sonnenfeld said, was leading a "remarkably, breathtakingly successful turnaround," yet was relieved of his command.

Whitacre, he said, retired too young and was looking for ways to spend his free time. Whitacre has said he was passing time using a bulldozer to clear brush at his Texas ranch.

Meyers, who knows Whitacre, said the move eliminates confusion among GM's ranks. And just because Whitacre is dropping interim from his title doesn't mean the search for a new CEO has ended.

"He doesn't have to stay forever - but that's always the case," Meyers said. "Now it's indefinite. It would be embarrassing, two weeks from now, for him not be CEO. A decent amount of time is going to go by."

Earlier this month the GM board hired Microsoft Corp. CFO Chris Liddell to take the same post at GM, and Whitacre said Liddell would be a candidate to take the CEO post permanently. Whitacre said Monday that Liddell could still be CEO in the future. "That'll be up for the board to decide somewhere down the road," Whitacre said.

Whitacre was chairman and chief executive of AT&T and its predecessor companies from 1990 to 2007. During his tenure, he led the company through several acquisitions and sales.

Whitacre also sits on the boards of Exxon Mobil Corp. and the railroad company Burlington Northern Santa Fe Corp.

In a wide-ranging talk with reporters at GM's Detroit headquarters earlier this month, Whitacre predicted that GM would be profitable this year, although he said that was dependent on the economy and other factors.

A full-year profit for GM, which left bankruptcy protection in July, would be the company's first since 2004 when it made \$2.7 billion. It has posted more than \$88 billion in losses since then.