

# GM CEO Henderson Ousted By Board

Ken Thomas and Tom Krisher, Associated Press Writers

**December 2, 2009**

DETROIT (AP) — The leader of the new General Motors was done in by an old problem at the nation's largest car maker: Change wasn't happening fast enough.

GM's board and CEO Fritz Henderson parted ways Tuesday, the board upset that the automaker's turnaround wasn't moving more swiftly and Henderson frustrated with second-guessing, two people close to the former CEO said.

Board Chairman Ed Whitacre Jr., the former head of AT&T Inc., will take over as CEO while a global search is conducted.

It was unclear whether Henderson or the board moved first in the surprise resignation, which came just hours before Henderson was to be the high-profile keynote speaker at the Los Angeles Auto Show. At a hastily called news conference at General Motors Co.'s downtown Detroit headquarters, Whitacre would not answer questions, but said the board and Henderson agreed that he should step down.

Whitacre thanked Henderson, 51, a lifelong GM employee, for his leadership and said the company is on the right path toward offering high-quality cars and trucks worldwide.

"We now need to accelerate our progress toward that goal," the 68-year-old Whitacre said in a brief appearance.

Both men were chosen for their jobs by the U.S. government, which owns more than 60 percent of the Detroit automaker in exchange for giving it billions in loans. But Henderson is a GM insider, while Whitacre is an outsider to the whole industry.

An Obama administration official said Tuesday in a statement that "this decision was made by the Board of Directors alone. The Administration was not involved in the decision."

"I don't think this has much to do with Fritz Henderson's performance, I think it's just the wrong time to be a GM lifer," said Logan Robinson, a former Chrysler attorney and professor of corporate governance at University of Detroit Mercy.

Henderson, who rose through GM's ranks over a 25-year career, took over in March after the government forced out former CEO Rick Wagoner. A few months later, GM entered bankruptcy protection and Henderson led the company through a painful government-led and court-supervised reorganization. The company emerged from court protection in just 40 days cleansed of massive debt and burdensome contracts that would have sunk it without roughly \$52 billion in federal loans.

## **GM CEO Henderson Ousted By Board**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

The people close to Henderson, who asked not to be identified because Henderson has not spoken, said he was frustrated from the beginning by the board and government push for faster change and other questions about his decisions.

Henderson, one of the people said, was confident that the company was making progress and thought he deserved more autonomy. In the past few months GM has stabilized its U.S. market share at around 20 percent and has shown some monthly sales increases in the U.S. and Asia.

Henderson also has been largely successful in his goal to scale down GM to just four core brands: Chevrolet, Cadillac, Buick and GMC. He won a tentative sale of Hummer to a Chinese construction machinery maker. But attempts to sell the company's other brands have hit obstacles.

Swedish luxury sports car maker Koenigsegg Group AB backed out of a deal to buy GM's Saab brand. GM said Tuesday it has some interested bidders but will wind down Saab if nothing materializes by the end of the year. Henderson's bid to sell Saturn to race car mogul Roger Penske fell through and the brand is now liquidating.

And on Tuesday, GM released November sales figures that were 2 percent below the same month last year, when sales hit a 26-year low. The decline came after Whitacre began pushing for increased sales and market share.

Whitacre and the board have become increasingly active in the company's decisions, at times challenging some of Henderson's moves. In November, the board voted to abandon plans to sell GM's European Opel unit, reversing an earlier option favored by Henderson to sell it to a group led by Canadian auto parts supplier Magna International Inc.

"I think there was a perception he was too much of an insider," said Ken Elias, partner with Maryann Keller and Associates, an auto industry consulting firm. "The bankruptcy was not something that occurred because of the recession last August, it was coming for decades. The reality is GM truly needs an outsider as a leader that has no attachment."

GM could face difficulty in recruiting Henderson's replacement. Like other struggling companies that have received federal bailout money, any compensation package would have to be approved by federal pay czar Kenneth Feinberg.

In an agreement reached in October with Feinberg, Henderson's pay was cut 25 percent to \$950,000, about half of what he made in 2008. In addition, Henderson received shares worth \$4.2 million, to be exercised when GM becomes a public company again, perhaps late next year.

*AP Auto Writers Dee-Ann Durbin in Detroit and Dan Strumpf in New York contributed to this report. Ken Thomas reported from Washington.*

## **GM CEO Henderson Ousted By Board**

Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

---

**Source URL (retrieved on 01/28/2015 - 4:37am):**

<http://www.impomag.com/news/2009/12/gm-ceo-henderson-ousted-board>