GM Shakes Up Management After Henderson Walks Out

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DETROIT (AP) — General Motors Co. is set to announce another round of management changes at the troubled automaker that include new responsibilities for Vice Chairman Bob Lutz, two people briefed on the matter said Friday.

Chairman and interim CEO Ed Whitacre Jr. will make the announcement in a video broadcast to company employees, the people said. No major dismissals are planned and there will be no replacement announced for CEO Fritz Henderson, who resigned Tuesday in a dispute with the board, said one of the people.

But new responsibilities for several managers are expected as Whitacre tries to increase sales, boost GM's share of the U.S. market and return the company to profitability.

Both people requested anonymity because the changes have not been made public.

GM spokeswoman Renee Rashid-Merem would not comment on any changes.

Lutz's role with the company was unclear. Henderson recently persuaded Lutz, 77, to delay retirement and take over GM's marketing. Prior to that, Lutz had been in charge of global product development.

Henderson resigned abruptly Tuesday, and Whitacre, in a brief statement announcing the departure, said the company was not changing rapidly enough.

Earlier this year GM emerged from a 40-day stay in bankruptcy protection cleansed of its massive debt and burdensome contracts. But the company still owes the U.S. government $52 billion.

In November, GM reported a $1.2 billion third-quarter loss — far less than the $6 billion it lost in the first three months of the year. In what it called a sign of progress, GM also pledged to start paying back $6.7 billion in U.S. loans. But the money will come from a contingency account full of government cash, leading critics to question just how healthy the automaker really is.

GM plans to repay at least part of its remaining government debt with a public stock offering sometime next year.

In one sign GM is indeed on firmer footing, it took in $3.3 billion more in cash than it spent in the third quarter. In the first quarter, the last one for which it reported results, GM burned through $10 billion in cash.

Whitacre, 68, the former CEO of AT&T Inc., told employees in a broadcast on Tuesday that the company simply needs to sell more cars and make money. He said everyone has to work together toward that goal, but they also have to be accountable.

Whitacre will serve as interim CEO as an international search is conducted, although industry analysts speculated that he may end up taking the position. In the broadcast on Tuesday, he said he didn't know how long a search would take, but it could take up to a year.

Lutz, a last-minute substitute for Henderson as keynote speaker at the Los Angeles Auto Show this week, told reporters at the show that Henderson's departure was an unwanted surprise to other GM executives.

The industry veteran, who has held key posts with most major automakers, is widely credited with breathing new life into GM's products. New vehicles such as the Chevrolet Malibu that were launched under Lutz have been selling well.

Almost immediately after taking over GM's marketing, Lutz ordered changes to ads to make them focus on vehicles and brands, comparing them with competitors in an effort to get customers to consider GM. The company offered a 60-day money-back guarantee to get people to try its cars and trucks.

The impending management changes at GM come as the automaker is giving thousands of imperiled dealers another chance to make their case to continue their association with GM.

After loud protests from the targeted dealers and the prospect of federal legislation to keep the showrooms open, the automakers said Thursday they would reconsider their decisions to cut ties to more than 3,000 dealerships as part of a broad industry restructuring.

Just how many dealers could potentially be allowed to stay open remains unclear. The companies did not provide any estimates. Dealers involved in talks this fall with the automakers said likely only a handful of lots targeted for closure would survive, despite the new policy.

Meanwhile, GM disclosed Friday changes in its carmaking relationships in Asia and Canada.

The Detroit automaker and its main Chinese partner announced a venture to sell vehicles in India, uniting their efforts in the world's two fastest-growing car markets.

As part of the deal, GM gave majority ownership of its main China joint venture to Shanghai Automotive Industries Corp., which is to invest up to $350 million in the India initiative.

GM said they also would collaborate in future efforts to sell vehicles in other emerging markets such as Southeast Asia.

In a separate announcement, GM and Japan's Suzuki Motor Corp. said they had agreed to end their joint venture in Canada, ending a three-decade relationship and giving GM full control of the venture. Suzuki said it will sell its 50 percent stake in CAMI Automotive Inc., based in Ingersoll, Ontario, to GM for an undisclosed price.

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