

GM's Lutz: Hybrid SUVs, Electrics Are Automotive's Future

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WARREN, Mich. — General Motors Co. will keep making big trucks and SUVs because U.S. buyers demand them, but a major portion of them will be gas-electric hybrids in the near future, retiring Vice Chairman Bob Lutz said Friday.

Lutz didn't give details, but said GM must apply hybrid technology to more vehicles in order to meet fuel-economy standards that will rise 40 percent to an average of 35 miles per gallon by 2020. The cost will likely be spread across GM's lineup, since charging individual buyers for a hybrid system would make vehicles too expensive. GM has seven hybrids in its lineup now.

The hybrid revolution is one of many changes Lutz has witnessed in his 47-year career at all three Detroit automakers and BMW AG. That career will end May 1, when the 78-year-old will retire after revamping GM's lineup to critical acclaim.

"I really have achieved what I set out to do," Lutz told The Associated Press in his office at the GM Tech Center.

He leaves with some regrets. He's wistful about Saturn and Pontiac, two brands he overhauled that GM has decided to shed. Saturn had a world-class lineup before its demise, but GM didn't have the money to market it properly, he said. Pontiac was in the midst of a comeback and was a big seller with young buyers. A miniature Pontiac Solstice sports car sits under glass in his private conference room.

But Lutz supports the decision to dump the brands, leaving GM to concentrate on Chevrolet, Cadillac, Buick and GMC.

"It's like the B17 bombers in World War II. As they were limping back to the base in England, they threw a lot of valuable stuff overboard to lighten the airplane," he said.

He also leaves triumphant. At the Tech Center, a sprawling, 1950s-era campus that is testament to GM's former might, Lutz plotted GM's future, including his proudest achievement: The plug-in electric Chevrolet Volt. The Volt, due out later this year, can go 40 miles on an electrical charge and is also part of GM's strategy to make more fuel-efficient cars. Lutz said the automaker is also planning a separate line of all-electric vehicles that won't have backup gas engines like the Volt does.

He plans to write a book about the last eight years he spent at GM, where he watched as the automaker sank into bankruptcy protection last June and got a federal bailout, sparking the restructuring that ultimately led to his retirement.

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Lutz concedes that one reason for his departure is his diminished role at the automaker. He originally planned to retire at the end of 2009, but stayed on after ex-CEO Fritz Henderson asked him to lead GM's marketing efforts.

When Henderson was ousted from the company in December, his successor, Ed Whitacre, took away Lutz's marketing duties and made him a "special adviser," an ambiguous position that left no one reporting to him.

"To tell the truth, I began to ask myself, without having direct responsibility, how much advising is really still necessary here? I certainly didn't want to get in and meddle," he said.

But he said he has a good relationship with Whitacre.

"He's a man of relatively few words, and I'm not," he said. "But he always tells me he appreciates my frankness."

That frankness caused friction with the company's new board members, several of whom were appointed by the government last summer. During one early meeting, Lutz said he interrupted a "feeding frenzy of criticism" directed at Henderson by reminding board members that he was in charge of worldwide BMW sales when most of them were in high school.

"Be careful about how you advise me about what's right and wrong in running an automobile company," he says he told them. Then he laughs. "I was actually forgiven for that outburst. I think."

Lutz said the board has learned a lot about the auto industry in the months since then and the friction has subsided. With the departure of Henderson and the installation of Whitacre as GM's permanent CEO, he added, the board has its own leadership in place.

"I would say the board is now completely supportive of what the company is doing," he said. GM is focused on strong design and profitable growth, he said, and less reliance on short-term measures to boost sales like incentives.

Lutz concedes that GM made mistakes. Too many employees and unused factories cost it dearly. When Ford Motor Co. mortgaged its factories and logo in 2006 to raise money for its restructuring, GM executives were shocked. But in the end, Ford avoided bankruptcy protection and is now gaining U.S. market share. GM also has gained U.S. share in the first two months of this year, but at a slower clip than Ford.

Lutz said he advocated shedding the Saab Swedish car brand for years, and it lost millions before it was finally sold this year. Hummer, a brand GM is shutting down, should have been part of the GMC truck brand, he says. That would have made it easier to end production when high fuel costs made the brand "the poster child for planetary destruction." Now, the company must contend with angry Hummer dealers.

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Lutz says former CEO Rick Wagoner, who was pushed out by the Obama administration, was an intelligent boss who gave him the resources to turn out hit products like the Chevrolet Malibu and GMC Terrain. But as a GM lifer, Lutz says, Wagoner was too comfortable with the day-to-day grind that didn't really benefit the company.

Lutz believes GM will be profitable by 2011 and will have a successful story to tell when the company goes public again to help repay its government loans. He said he's leaving a team that respects his mantra of investing in high-quality products and good design.

"The mission of General Motors is to design, build and sell the world's best cars and trucks. End of story," he said. "And that has never been as clearly stated by senior-most management before. Never."

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