

GM's CEO: We're A Year Behind On R&D

Tom Krisher, AP Auto Writer

DETROIT (AP) — A big cut in research and development spending while General Motors was in bankruptcy protection set the company's new product plans back by about a year, its top executive told reporters Tuesday.

Chairman and CEO Daniel Akerson said GM is working to accelerate vehicle plans that were postponed when R&D spending was cut to \$5 billion per year as the company was trying to save money during its 2009 stay in bankruptcy protection. The spending has since been restored to \$7 billion.

GM executives have been scrambling to get the new products back on track, trying not to fall too far behind competitors such as Ford Motor Co. as they update cars and trucks on a more regular basis. Newly redesigned cars and trucks tend to sell faster because they take advantage of new technology and are quieter, handle better and generally are more efficient.

Akerson wouldn't identify which vehicles have been fast-tracked for development. The company had delayed its next-generation Chevrolet Silverado and GMC Sierra pickup trucks during its financial crisis, and its Impala full-size sedan also is among its older vehicles.

He also told reporters that new hatchback and small van versions of the Chevrolet Volt are in the works for 2012 or 2013. The Volt, a rechargeable electric car, is a hatchback. Akerson gave no more details about the new models.

"With the bankruptcy we lost roughly a year in terms of development, so that's why '12 and '13 are more pivotal here for us in the United States," Akerson said.

He said the company's product lineup is competitive with the industry now, having introduced the Volt, Chevrolet Cruze compact and Chevrolet Sonic subcompact in the past few months.

Joel Ewanick, GM's chief marketing officer, said in an interview at the Detroit auto show Monday that the lull in new products will actually help the company market its existing new cars and build awareness of its four remaining brands: Chevrolet, Buick, GMC and Cadillac.

GM, he said, has a lot of new products in the pipeline, but the gap will let the company concentrate on the Cruze, the first credible compact car in GM's history. The Cruze's predecessor, the Chevrolet Cobalt, is described even by GM engineers as mediocre, with numerous compromises made to cut costs. The Cruze has a far nicer interior than the Cobalt, is much quieter and handles better. GM engineers say the handling is comparable to a BMW 3-Series sedan, which is far more expensive.

GM's CEO: We're A Year Behind On R&D

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

GM, he said, will spend a lot of money advertising the Cruze, including on the upcoming Super Bowl, because the company needs to convince people to look at a GM small car and establish itself in a market now controlled mainly by the Honda Civic and Toyota Corolla.

"What we really need to do is concentrate on the Cruze," Ewanick said. "It gives us an opportunity to invest in that car and really make sure we do the best we possibly can in a segment that we haven't done well in."

Without the gap, Ewanick said he would have had to spend advertising dollars on additional new products.

"It's somewhat fortunate the way things shook out," he said. "What would have happened is you would have launched the car and moved on to the next launch. We are going to be able to concentrate on that car, and that's going to pay dividends for years to come" he said of the Cruze.

GM's new products were noticeably absent from the North American International Auto Show in Detroit this year. In past years the company has rolled out several new products and concept cars that turn into new vehicles. The Volt was unveiled in 2008 as a concept car due in showrooms in three years.

This year GM's only truly new car was the Buick Verano, a luxury version of the Cruze that will be in showrooms later this year. The company also unveiled the Sonic subcompact, but a version of it was shown at last year's Detroit show.

Source URL (retrieved on 09/18/2014 - 10:29am):

http://www.impomag.com/news/2011/01/gms-ceo-were-year-behind-r-d?qt-most_popular=0