GM CEO Says Old Culture Still Hinders Change

Tom Krisher, AP Auto Writer

DETROIT (AP) — A frustrated but upbeat General Motors CEO told employees that he's working to wipe out fiefdoms that remain in the company and bring its culture into the 21st Century.

Chief Executive Dan Akerson told workers during a meeting Thursday that GM has made progress in shrinking its bureaucracy, but he urged them to be leaders and to fix problems rather than wait to be told what to do.

"You shouldn't stand around waiting for somebody to tell you where we're going to go," said Akerson, a former telecommunications and private equity executive. "We've got to get this company and the culture into the 21st Century."

The town hall meeting, which employees could phone into, gave Akerson a chance to reassure the rank-and-file after a series of management changes at the top and disappointing second-quarter earnings, which included a big loss in Europe. The company overall has posted a profit for 10 straight quarters, mainly on big earnings in North America.

A participant on the call allowed an Associated Press reporter to listen. GM said Akerson holds similar meetings nearly every quarter.

The CEO also told workers he's confident GM will fix its European operations and its stock price will rise. He backed that up by spending more than $500,000 of his own money to acquire 25,000 GM shares on Wednesday. He's bought the stock before — the last time was August 2011 — and he also gets shares under his compensation package. Altogether, his GM stock is valued at more than $5.5 million, according to a regulatory filing.

GM's stock price rose 27 cents, or 1.3 percent, to close at $20.65 on Thursday.

At times during the meeting Akerson appeared frustrated, but said he is streamlining the company's management to make it more focused on brands and customers. He praised factory workers for spotting and fixing problems, singling out workers at the company's compact car plant in Lordstown, Ohio, near Cleveland.

"People are getting it. We're making improvements," Akerson said.

The message was similar to what Akerson's predecessor, Ed Whitacre, told employees shortly after he became CEO in 2009 as the company emerged from bankruptcy protection. Whitacre implored workers to take risks, make decisions and be entrepreneurial.

Akerson also told workers the company is behind competitors on engine and

transmission technology. GM has six-speed automatic transmissions when competitors have up to 10 gears, he said. Transmissions with more gears allow engines to do less work, saving fuel.

He also urged workers not to leak information to the press, saying they could hurt the company. For example, a worker filmed the interior of GM's new pickup truck last quarter and put it on the Internet, Akerson said. The truck doesn't hit showrooms until next year and hasn't been shown publicly. Also, an executive leaked confidential financial information, telling a reporter the company's revenue figure, Akerson said.

"We have to stop leaking in this company. It's an act of treason," he said. "It undercuts our competitive position."

Also Thursday, Akerson told employees:

— GM is hurt by its complexity, saying it has too many parts compared with its competitors. For example, he said the company has 30 different door latches while rival Toyota has only five. "It's a big deal," he said. "That's just the tip of the iceberg."

— GM has invested in a battery company that has breakthrough technology to take electric cars at least 100 miles on a single charge within two years, and there's better than a 50-50 chance that that the cars will be able to go 200 miles per charge. GM's current electric car, the Chevy Volt, goes about 35 miles on a charge and has a small gas motor that generates power to keep the car going after that. Few competitors have electric cars with more than 100 miles of range. Tesla Motors' Model S can go up to 300 miles, but it has a much larger battery and can cost more than twice as much as a Volt.

— GM plans to put 4G broadband technology in all of its cars equipped with the OnStar telecommunications system, allowing some maintenance and updates to be downloaded, replacing trips to dealers for service.

Akerson told the workers that he's building the company to survive for the next 50 or 100 years and is thinking longer-term, unlike GM's past management. "We want to build this company so that it is the lion of the industry at the end of this decade and going forward," he said.

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