

GM may be lost in the rush

Coming out of bankruptcy ahead of schedule will not necessarily be a good thing for the car firm

On Friday, GM, something of a branding basket case in recent times, surprised everyone by coming out of bankruptcy protection after only 40 days.

Even President Obama, who invested \$50bn and much of his own political capital in the ailing automotive giant, expected GM to take up to 90 days to get its house in order.

GM's new chief executive, Fritz Henderson, was keen to recognise the 'intensity, decisiveness and speed' that enabled the new firm, now known as the General Motors Company, to exit bankruptcy in record time. He then laid out his plan to revitalise it.

Henderson's presentation was professional, and the journalists in the room lapped it up. However, to me it seemed that the stark reality of Friday's session was that the new GM could expire, too, as a result of the same brand ineptitude that destroyed it the first time around.

Let's start with the 40-day bankruptcy. GM might be proud of coming out early, but, in my opinion, it's a stupid move. If I know anything about brand revitalisation, it is that it takes time to work out what's wrong and develop a plan to fix things. Once you press the green button marked 'The turnaround begins', as GM did on Friday, things move frighteningly fast.

Great executives always engineer as much time as possible to assess and strategise before they get on the stage

and announce their strategy. Clearly, bankruptcy is a black mark against GM, but once the stain is on a brand, it should make the most of the time to develop a strategy that can work. Forty days is not enough.

This is why I think Henderson's decisions on branding are so wrong. On Friday, he confirmed that the new GM would consist of four key brands: Chevrolet, GMC, Cadillac and Buick. There was no mention of the brand equity, tracking or market segments that should have guided his branding decisions. That's because 40 days is not enough time to do the research and analysis to get all this done. As a result, Henderson has picked too many brands, and GM is unlikely to be able to market them effectively.

Look at his competition. Ford is focused on a single brand these days.

'Once the stain of bankruptcy is on a brand, it should make the most of the time to develop a strategy that can work'



Toyota and Honda are similar. The four brands Henderson has picked are not distinct from each other. Watch carefully as he splits his marketing budget into quarters and then competes with himself.

While we are on the topic, I wonder why he is keeping the GM brand. In the past year, the corporate brand has added further associations of inefficiency and US malaise. Did Henderson even consider a strategy in which his surviving vehicle brands could stand alone and be unencumbered by the negative equity of the parent brand?

I don't think the idea occurred to him. Henderson is a GM lifer, and while he might talk about a fresh approach, his strategy could be seen as evidence that GM is not ready for a fresh start.

He has also hand-picked a brand expert to sort out the marketing and branding malaise that destroyed the old GM. The new blood in question is 77-year-old Bob Lutz, the former GM marketer who was about to retire after a career at Ford, Chrysler and GM. Henderson obviously felt Lutz was a better choice than a P&G or Apple marketer. Was this the right choice?

I hope I am wrong about the road ahead for GM, but it might be time to accept that some companies deserve to die. Watch this space. We'll know one way or another very soon.

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30 seconds on... Fritz Henderson

■ Henderson was born in **1958** in **Detroit, Michigan**, the hometown of GM. He earned degrees from the University of Michigan and **Harvard Business School**.

■ He joined GM as a financial analyst in **1984** and has worked there since. In **2004** he was appointed chairman of GM Europe, and in **2006** he became the company's



Henderson planning 'Tell Fritz' website for consumer concerns

president and chief operating officer.

■ Speaking at a press conference last Friday, Henderson said: **'Business as usual is over at GM.** Today, we take the intensity, decisiveness and speed of the past several months and transfer it from the triage of the bankruptcy process to the **creation and operation of a new GM.'**

■ **'I hate business books,'** he told *Business Week* in a 2004 interview. 'I read male trash like **Robert Ludlum** and **Clive Cussler**.'

■ GM is planning the launch of a **'Tell Fritz' website**, where consumers can give feedback. 'I will personally review and respond to some of these communications every day,' Henderson has promised.