

How GM learnt to speak up for itself

The troubled US carmaker tackled its poor image head-on to ensure Americans heard its side of the story, says **Bernard Simon**

Steve Harris has this advice for executives of troubled companies: get your side of the story out, and fast.

Mr Harris has spent the past year practising what he preaches. A 61-year-old grandfather, he was persuaded to come out of semi-retirement in February last year to take charge - for the second time in his career - of global communications for General Motors.

The world's biggest carmaker was in dire straits. It had just reported a \$10.6bn loss for 2005; its credit rating was deep in junk territory; its shares had tumbled; and speculation was rife that Rick Wagoner, the chairman and chief executive, would soon be out the door.

As Mr Harris puts it: "Everything was bankruptcy, bankruptcy, bankruptcy."

Much has changed in the past year, illustrating how troubled companies can benefit from well-executed communications strategies. While GM is by no means out of the woods, it has managed to convince many outsiders that it is on the road to recovery.

Its vehicles were the toast of January's Detroit auto show, and the share price has almost doubled.

"The attitude at GM was, 'Why are we being picked on in the media?'," says John Bailey, who runs a Detroit public-relations consultancy that has no GM business. "When Steve came in, instead of com-

plaining about it, they met it head-on."

The torrent of bad news had so soured the mood in the company that some senior executives blamed the communications department for unfavourable publicity.

Even before Mr Harris returned to his old office, he was urging Mr Wagoner to take a higher public profile. He told his boss: "If you're not willing to get out there and explain to people what you're doing, what's working and what you're doing to fix what's not working, nobody is going to magically start doing that for you."

Mr Wagoner listened. A blitz of media interviews and other public appearances followed (including a 90-minute visit to the Financial Times offices in New York).

"Steve played a really important role with Rick," says Fritz Henderson, GM's chief financial officer. "Rick is naturally a very modest and a very private guy."

Mr Wagoner went into the interviews armed with answers to about a dozen recurring questions about GM's woes and his future.

"I said there's only so many questions that people have," Mr Harris recalls. "Once you get comfortable answering those difficult questions, then you have the opportunity to impart the information that you want [the media] to understand."

Mr Wagoner learnt by trial and error. "As he started going out, the answers kept getting better each time."

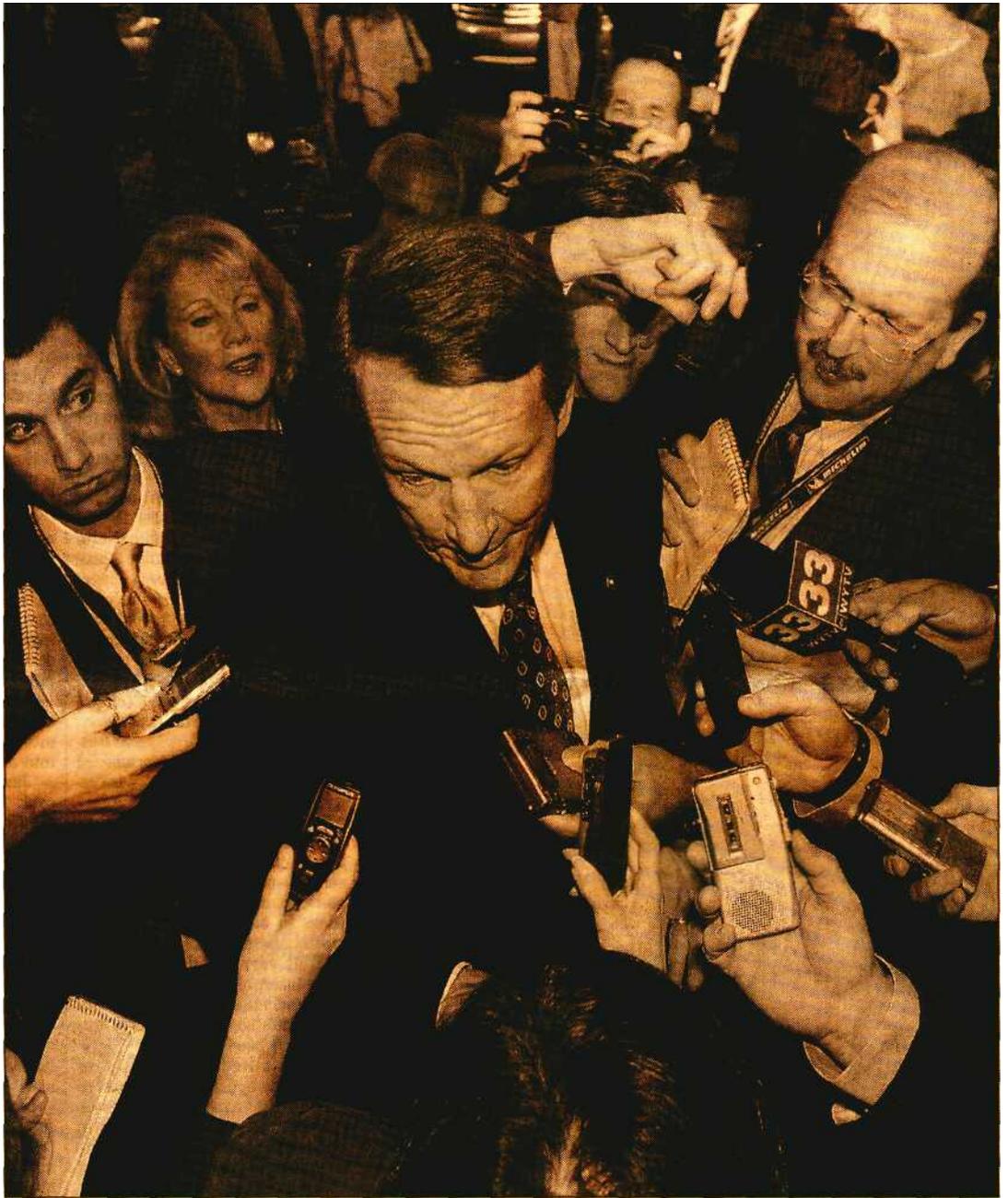
Mr Wagoner's higher visibility snowballed through a notoriously bureaucratic organisation. "Everybody else takes their signal from Rick," Mr Harris says. "When you get out there and stand up for yourself, this plays extremely well internally. Everybody wants to feel like we're not just going to take this lying down, we're going to fight back."

A confrontation with The New York Times in June was received especially well, both in GM and by the carmaker's conservative supporters in the US heartland.

Thomas Friedman, a New York Times columnist, compared a GM promotion offering low-priced petrol to "a crack dealer looking to keep his addicts on a tight leash".

"Surely, the sooner this company gets taken over by Toyota, the better off our country will be," Mr Friedman wrote.

GM asked to respond with



Getting the message across: Rick Wagoner, GM's naturally private chief executive, took a higher public profile

Getty

an editorial-page article, but The New York Times would accept only a short letter. After the paper insisted on changes to the letter, including deleting the word "rubbish", Mr Harris published the correspondence on the carmaker's blog.

GM launched a concerted drive for support in parts of the country where it was likely to find a more sympa-

return a little over two years later, is that "the cycles are so much shorter".

He adds: "If you wait for a nanosecond, if you hesitate to engage in something, it's gone. We've had to learn to be much quicker."

The need for speed trumps red tape. According to Mr Harris, his team no longer has time to check responses with GM's lawyers, or to

electronic newsletters for dealers and suppliers.

"It was much more difficult before the internet," Mr Harris says.

GM entered virgin territory again in November by inviting 10 bloggers who specialise in automotive and environmental issues to the Los Angeles auto show.

"The pieces that they write are very different," Mr Harris says, "but we're changing their perspective. It's not so black-and-white - [no longer] terrible GM."

The experiment was successful enough for GM to bring 25 bloggers to the Detroit show in January and another group to the recent Chicago show.

"I came away with a sense, if not of conversion, then at least of understanding," says David Houle, who runs the evolutionshift.com blog and who attended the Chicago show.

Mr Houle says GM invited him to dinner and offered to pay for his parking. But, he adds: "There wasn't a sense of 'We hope you write this' or 'Here's what we'd like you to say.'"

He was also allowed to interview several senior GM executives, including Larry Burns, head of research and development.

Mr Harris says he regrets

not moving even faster to put out GM's side of the story on environmental and technology issues, and the benefits of the company's global reach.

The GM communications department is also delving deeper into the company to find mid-level managers - especially young ones - who are willing and able to put its case across to the outside world.

Mr Harris takes the view that younger employees can relate better to people of their own age outside the company. One challenge is convincing protective bosses to thrust their subordinates into the limelight. More important than seniority, Mr Harris says: "You need people who are passionate about GM, people who are knowledgeable, people who are articulate."

Like the carmaker's financial turnaround, the drive for a more positive image still has a long way to go. Widespread perceptions of GM as a slow-moving behemoth with lacklustre products of dubious quality were not gained overnight.

"You don't lose them over a short period of time," Mr Harris says.

See International Companies and Analysis



'Everybody wants to feel like we're not just going to take this lying down, we're going to fight back'
STEVE HARRIS, GM

thetic audience than in the main urban centres. Focusing on 16 mid-sized cities - such as Sacramento, California, and Austin, Texas - the carmaker brought together local groups to publicise Mr Wagoner's turnaround plan and developments in vehicle design and technology.

The groups included local car dealers, suppliers, politicians and people with television and radio experience, as well as GM managers, often with a personal connection to the area. "We put them together and said: 'Go forth and tell the GM story'," Mr Harris says.

GM used the internet to spread its message. One big difference, Mr Harris says, between when he left GM at the end of 2003 and his

keep working on a document until the wording is perfect.

But the corporation's size and global reach can be an advantage.

It recently set up a website (www.igotshotgun.com) with behind-the-scenes videos and celebrity interviews at GM-sponsored events, such as the Super Bowl, the Grammy Awards and the Oscars.

About 50,000 of GM's 465,000 retired staff have signed up for an e-mail newsletter on recent developments and issues facing the company. Mr Harris notes that many recipients are likely to share the information - and their views - with family, friends and neighbours, expanding GM's lobbying muscle. The carmaker has launched similar

HARRIS'S ADVICE:

- Get the facts and understand what is going on.
- Communicate in good times and bad.
- When you create a vacuum in the media, it will be filled - but not necessarily the way you like.
- Unless you tell critics what is good about your company, why will they ever change their minds?
- Try to anticipate the questions you will be asked, including those you do not want to hear.
- Smoke and mirrors can be effective, but only for a very short period.

TOMORROW

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