

New GM brand czars will influence product

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Quartet empowered with 'voice' in incentives, vehicle development

Marketers often long for more control over sales channels and product development-and at GM, four new power brokers just got it.

The country's third-largest advertiser announced April 16 that on June 1 it will eliminate five regional general managers and consolidate their sales authority to four newly created brand czars in Detroit. The moves are designed to empower Susan Docherty at Buick-Pontiac-GMC, Mark McNabb at Cadillac-Hummer-Saab, Ed Peper at Chevrolet and Jill Lajdziak at Saturn to run the channels as separate businesses. They all report to Mark LaNeve, General Motors Corp.'s VP-vehicle sales, service and marketing.

Importantly, the new VPs will have a seat at GM's product-development councils, which Peter Ternes, a GM spokesman, said was "the biggest change." Under the current system, a centralized global panel headed by product czar Bob Lutz decides which models will be made. Three of the four new channel chiefs "will have a voice" on new products, the spokesman said. That fourth channel chief, Ms. Lajdziak, was the only one not promoted to North American VP; she remains Saturn's general manager and will "have input" in what models GM's European Opel brand develops. (Saturn is now heavily aligned with Opel.)

This is a change that will make marketers at many other companies very jealous. Brand champions are typically charged with being the ears of their companies, using either traditional market research or, more recently, social-media tools to garner insights about what consumers want. But it's still relatively rare that they get to impart those insights early enough in the process to influence the product.

According to Automotive News, the new structure also will mean the four brand czars will control what incentives are offered to customers, so that instead of the two potentially pulling in opposite directions-advertising aimed at brand building supports higher pricing, while incentives largely focus on some form of price cuts-they are levers to be pulled as and when one chief wants to use them.

The big picture is that it makes the marketers entirely accountable for sales. In fact, it turns the brand czars into business leaders. "It changes their role as being the voice of marketing to that of being the leaders of a business," Mr. Ternes told Automotive News. In short, brand chiefs can no longer claim they are improving, say, recall, and it cannot, therefore, be their fault the metal isn't moving. One person is now ultimately responsible for the cars being driven off the dealers' lots. And that same person will be in direct contact with those dealers too-rather than being routed through those now-disbanded regional general managers.

"It's back to the future," said Mike O'Malley, who left GM in 2001 after 13 years and had risen to general manager of Cadillac, because the new setup seems like a throwback to the days when the vehicle divisional chief had much broader power. Mr. O'Malley called GM's move a terrific idea. "The inherent weakness is whether GM's machine gets out of the way of those leaders and lets them run their businesses without interference," he said. "The issue will be the financial staff."

Indeed that could be one issue among many, with media planning and buying an obvious sticking point too.

A broad swath of teams, including brand, media, finance, communications and retail, "are having discussions now in very minute and excruciating detail" to work out how the new structure will operate, said Mr. Ternes. Some areas that GM already has centralized and are running efficiently will stay the same, but other centralized areas that aren't as efficient will need to be in the retail channels closer to the market, he said, adding he was unable to give examples of either because the particulars haven't been decided.

He maintained the changes will make GM "less bureaucratic" because the organization will be flatter. But one executive close to GM saw the structure as still "top down" and full of approval layers that slow down decision-making at the auto giant.

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