

GM Does It Right, Says PR Specialist

by Jim Stickford

GM's response to the recall controversy is an example of how a large company should act when facing a problem, said David Johnson, CEO of the public relations firm Strategic Vision in Atlanta.

Johnson gives GM credit for having the courage to do what should be done.

"First, let me say that we have no business with GM," Johnson said. "I am just looking at the situation from the outside as a PR professional."

Johnson said that in cases like this, PR professionals will often run into lawyers who want to say nothing.

"Lawyers are thinking of things like admitting culpability, negotiating settlements and legal responsibility," Johnson said.

"PR people will be thinking of things like getting out in front of the story, and how to reach the targeted audience with a message that will help cool down the situation."

"In this case, the targeted audiences are employees, investors and consumers. The PR people will want a company to be active and get out as much information as soon as possible to shape the narrative."

Consumers, Johnson said, will be expecting three things:

- Admission that something went wrong;
- Evidence that the company has fixed, or at the very least, is seriously looking at the problem;
- Finally, and very importantly, an apology.

"GM has done all of that," Johnson said. "They've been smart."

"One of the biggest mistakes I



Mary Barra

see companies make in a crisis is that the information they give out is done through press releases or through a spokesperson. This gives the company the impression of being cold and heartless.

"(GM CEO Mary) Barra has given a public statement, she has given GM a face. One of the things she said in her public statement is that she is a mother herself. People can relate to that, and she appears not to be a person who cares only about profits. She gave the company a human face and that's what GM needs right now."

All these actions have gone a long way toward shifting the narrative of the story, Johnson said. Instead of it being about how people are talking about GM recalling a lot of cars because of bad publicity, it's about how the company, and Barra in particular, is taking responsibility for what has happened and how they at GM are addressing the problems they are facing."

Johnson added, "This is in the news. It's being covered by the

national media, but I imagine it's a much bigger story in Detroit.

"People across the country are watching a lot of news stories, and this is only one of them. There is the missing plane. CNN has practically become the missing plane network. The crisis in the Ukraine is on the front pages more."

So when people do see and hear about this story, having the narrative shaped by Barra's actions is what is ideal, Johnson said.

"Here in Atlanta, the media is talking about how Barra is different from other auto executives," Johnson said. "Presumably, if you ask the average person on the street what stories he or she is following the most, the answer probably won't be the GM recall."

"They might say the economy or the jobs situation or the NCAA basketball tournament. But if you were asking someone who is currently thinking about buying a car, then the story would probably rate higher."

The next thing GM should do, Johnson said, is reach out to the victims. Often in cases like this, where people have died, the victims' families say that no one from the company reached out to them. And that hurts the company in the long run.

"What they shouldn't do," Johnson said, "is what Chevron did earlier this year. An oil well in Pennsylvania exploded and killed a worker." Smoke enveloped the town for a few days.

"The company," Johnson said, "gave everyone (in town) coupons for free pizza. And what's worse, the coupons expire in May."

"That's what's called adding insult to injury."

GM's Jeff Boyer Appointed VP, Global Vehicle Safety



Jeff Boyer

General Motors CEO Mary Barra named a new vehicle safety leader whose first priority will be to quickly identify and resolve product safety issues.

Jeff Boyer was named March 19 to the newly created position of vice president, Global Vehicle Safety, effective immediately.

Boyer, who has spent nearly 40 years in a wide range of engineering and safety positions at GM, will have global responsibility for the safety development of GM vehicle systems, confirmation and validation of safety performance, as well as post-sale safety activities, including recalls.

Boyer will provide regular and frequent updates on vehicle safety to Barra, senior management and the GM Board of Directors.

"Jeff's appointment provides direct and ongoing access to GM leadership and the Board of Directors on critical customer safety issues," said Barra.

"This new role elevates and integrates our safety process under a single leader so we can set a new standard for customer safety with more rigorous accountability. If there are any obstacles in his way, Jeff has the authority to clear them. If he needs any additional resources, he will get them."

"Nothing," said Boyer, "is more important than the safety of our customers in the vehicles they drive. Today's GM is committed to this, and I'm ready to take on this assignment."

Boyer, 58, will report to John Calabrese, vice president of Global Vehicle Engineering and become a member of the Global Product Development staff, led by Mark Reuss, executive vice president, Global Product Development, Purchasing and Supply Chain.

Boyer began his GM career in 1974 as a co-op student and has held several senior engineering, safety and process leadership positions, including the role of a total vehicle integration engi-

neer. His most recent position since 2011 was executive director of Engineering Operations and Systems Development.

Before that, Boyer served as executive director of Global Interior Engineering and Safety Performance, where he was responsible for the performance and certification of GM vehicle safety and crashworthiness.

He holds a Bachelor of Science in Electrical Engineering from Kettering University and a Master of Business Administration from Michigan State University.

Toyota Reaches Costly Settlement

WASHINGTON (AP) – The U.S. government announced a \$1.2 billion settlement with Toyota Motor Corp. on March 19 and filed a criminal charge alleging the company defrauded consumers by issuing misleading statements about safety issues in Toyota and Lexus vehicles.

Attorney General Eric Holder said it is the largest financial penalty of its kind ever imposed on an auto company.

Under a deferred prosecution agreement, an independent monitor will review policies, practices and procedures at the company.

GM Expects Safety Recalls to Cost \$300M

As a result of GM CEO Mary Barra's request for a comprehensive internal safety review following the ignition switch recall, General Motors is conducting three separate recalls of U.S. production and vehicle sales.

The recalls consist of:

- 303,000 Chevrolet Express and GMC Savana from the 2009-2014 model years with gross vehicle weight under 10,000 pounds;
- 63,900 Cadillac XTS full-size sedan from the 2013 and 2014 model years and 1.18 million Buick Enclave and GMC Acadia models from the 2008-2013 model years;
- Chevrolet Traverse from the 2009-2013 model years, and Saturn Outlook from the 2008-2010 model years.

"I asked our team to redouble our efforts on our pending product reviews, bring them forward and resolve them quickly," said Barra. "That's what today's GM is all about."

The Express and Savana vans do not comply with a head impact requirement for unrestrained occupants, requiring a

rework of the passenger instrument panel material, GM spokesperson Jim Cain said.

Unsold vehicles have been placed on a stop delivery until development of the solution has been completed and parts are available, Cain said, adding that customers will be notified at that time. Repairs will be made at no charge to customers.

In the XTS, a brake booster pump can create positive pressure within the wiring harness attached to the pump relay, said Greg Martin, another GM spokesperson. This pressure, he said, can lead to overheating, melting of plastic components and a possible engine compartment fire.

GM is aware of two engine compartment fires in unsold vehicles at dealerships and two cases of melted components, Martin said.

With respect to the Enclave, Traverse, Acadia and Outlook, the vehicles are equipped with a Service Air Bag warning light in the driver information center, Martin said.

Ignoring the Service Air Bag

warning light will eventually result in the non-deployment of the side impact restraints, which include driver and passenger seat-mounted side air bags, front center air bag (if equipped), and the seat belt pretensioners.

"This announcement underscores the focus we're putting on the safety and peace of mind of our customers," Barra said. "We are conducting an intense review of our internal processes and will have more developments to announce as we move forward."

GM expects to take a charge of approximately \$300 million in the first quarter primarily for the cost of the repairs for the three safety actions and the previously announced ignition switch recall.

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