

Dean's Executive Leadership Series - 2008-2009

Transcript of Interview with Elizabeth Lowery, VP of Environment, Energy, and Safety Policy for General Motors

About DELS: The Dean's Executive Leadership Series at the [Graziadio School of Business and Management](#) features in-depth audio or video interviews with today's top business practitioners and thought leaders. [Listen](#) or [subscribe](#) to the podcast to hear their views and insight on the current challenges and opportunities facing the business community.

Start

Announcer: The Graziadio School of Business and Management at Pepperdine University proudly presents the Dean's Executive Leadership Series. This podcast invites top business practitioners and thought leaders to share their view on the real world of business.

Rick Gibson: Hello, and welcome. My name is Rick Gibson and I'm the Associate Vice President for Public Affairs here at Pepperdine University and I'm joined once again by Dr. Living Livingstone who is the dean of the Graziadio School of Business and Management. Welcome Linda.

Dean Linda Livingstone: Thanks so much Rick, it's good to be with you.

Rick Gibson: It's hard to believe we're at the end of this series. It has been just another marvelous series for the Dean's Executive Leadership Series.

Dean Linda Livingstone: It has been a wonderful year. We've had seven amazing speakers and today we concluded with Elizabeth Lowery who is Vice President of Energy, Environment and Safety Policy for General Motors. Really a timely topic because there is so much interest in social responsibility and environmental issues. She really comes to that from an interesting perspective from the automobile world.

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Rick Gibson: General Motors is certainly in the news so we look forward to this interview. We invite our listeners to sit back and relax and enjoy this conversation with Elizabeth Lowery, Vice President of Environment, Energy, and Safety Policy for General Motors.

Dean Linda Livingstone: Welcome to our final Dean's Executive Leadership podcast for the year. Today we are very pleased to have with us Beth Lowery who is Vice President at General Motors and her responsibilities include their environmental activities as well as some of their safety activities. Beth, it is such a pleasure to have you with us today.

Elizabeth Lowery: Thank you it's wonderful to be here on such a beautiful campus. I just arrived a few minutes ago and I can't wait to get out and see everything.

Dean Linda Livingstone: A little different view from Michigan. I always like for our listeners to learn a little bit about the leadership story of our guest. Talk about the journey you took to get where you are today at General Motors.

Elizabeth Lowery: Sure. I'd like to tell everybody that there is some planned path that I knew all along the way that I knew exactly where I was I going to go. But that's not exactly the case. A lot of it was opportunities that came up. Certainly I have an undergrad in business and a law degree and started an environmental practice. So, I got the background in a private law firm and then joined General Motors and actively got involved in policy and legislation and regulations; even on the legal staff. And then through the years, just kept with it and certainly got to know a lot of the people within the corporation, which I think is very important to make sure there's a networking going on that you really understand how the company works. And then also had opportunities every few years to manage different kinds of people, whether it's attorneys or eventually with the people that I have now, which are scientists and engineers and public policy folks. So, it really has been a very exciting journey; certainly challenging right now but in environments like this, it really does test your leadership skills. And I think having a positive outlook on things really helps.

Dean Linda Livingstone: Talk about your role in all that General Motors is dealing with today. For our listeners, your stocks are at a \$1.70 something today. It's a challenging time. Clearly we read about it every day in the paper as the auto industry goes through this. You are on the environmental side and trying to develop some new products and new ways of thinking. Talk about your role and how you see your role in GM getting through what's going on right now.

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Elizabeth Lowery: Sure. It certainly is a very difficult challenging time for us in the auto industry as a whole on a global basis but GM in particular. But in that challenging time, certainly there are plenty of opportunities. And as we reinvent at General Motors, we're reinventing the automobile and really looking at the environmental energy aspects of our business overall. We've been doing that for some time but certainly when you're in a crisis situation, you really have to focus in on what's important for the company. And certainly customer and products is key to the success. Getting the balance sheet and our financials right. Making sure we are doing all of the right things for a stronger company. But also we're creating a greener future. So, obviously being in a position that I'm in right now, it's a very exciting time to make sure that everything we do is focused on making sure we're part of the solution. So whether it's a sustainability and work we do in our facilities, whether it's bringing out the Chevy Volt which has stayed on track for coming out in late 2010, which is an extended range, electric vehicle. Really going to change and reinvent the automobile. Being very focused on those things that are going to make a difference in the environmental/energy equation.

Dean Linda Livingstone: When gas prices go up everyone gets excited about energy efficient automobiles. When the prices drop, the market shifts for automobiles. How do you build a sustainable interest in environmentally automobiles that lives through whatever happens to gas and oil prices?

Elizabeth Lowery: I think there's a combination of things. One, we've learned a lot about the advanced technology in electric vehicles; things like that, which is very important that we look at style and design and performance associated with the vehicle in addition to the environmental qualities. So, people that look for advanced technology certainly want to make sure that they're in a very cool car. That they really love how it looks from the outside. That it's going to give them all the performance and functionality of any vehicle they've had in the past. So, I think it's very important to pay attention to detail making sure it's high quality and that it's meeting all those factors for our customers. So, we really need to do that. The other thing we need to do and we're working on it, is working with the administration on a national energy policy, working on global climate, cap and trade issues so that we have a price on carbon. So as a nation we have some constancy of purpose with respect to are we serious about these issues or not. And certainly working on things such as biofuels and getting alternatives to petroleum is also very important. So, we have a lot of things in the mix in addition to building the great cars and trucks.

Dean Linda Livingstone: You build the cars but if there's not a fuel source outside of what you're doing, it makes it difficult for the consumer. What role does government play in creating an environment that is conducive to thinking different about the kinds of automobiles that we drive?

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Elizabeth Lowery: As you can imagine, government plays a very big role at this point in our lives.

Dean Linda Livingstone: Much more now than we would like to think.

Elizabeth Lowery: Yes, absolutely. What's important is looking at it as a system. So, looking at what we can do as an automaker on the technologies in the cars and trucks. Looking at the fuels, and so making sure there is alternative fuels out there whether it's biofuels from cellulose or looking at CNG and all these various fuels that are important not just in the U.S, but on a global basis. But also understanding customers too. So, we really do have to make sure that we're working all the various stakeholders. So, for example, if we have on the road 3.5 million Flex Fuel vehicles that we have on the road today. We would like to be able to have 85 ethanol in local stations so people can fuel those vehicles with the right fuel. And that requires infrastructure development. So that requires working with Federal, State and local governments in addition to working with energy companies. So, it really is a collaborative partnership effort to really make sure that we get this right and that we have some focus so that we're not changing every year what we're doing. So, it is very important for us to stay focused on what we can control.

Dean Linda Livingstone: What's the timeline for a completely new automobile from inception to market?

Elizabeth Lowery: Well it varies, depending on what you're working on. Certainly the Volt is probably the fastest program we've ever done. The Chevy Volt is due to come out in late 2010. It's been probably about 2 ½ to three years. It can be four to five years, depending on what the product is. But again, as you say, you start with a concept, a design. You have auto shows where you get a sense of what people like about it. And then you go through the research and development. The difference with the Chevy Volt is that you're designing the battery at the same time you're designing the product. That's very unusual for us. Usually you would have the internal combustion engine, everything already ready and you're just putting it into a new design. Maybe a new body style; that kind of thing. So, that's a really challenging program but very focused because we know how important it is for the whole reinvention of the automobile and also of the company. So again, it varies depending on what vehicle you're working on. It's also important that we have the conversations about infrastructure, whether it's biofuels or it's the electric grid and greening the grid. Working on all those activities so while we're producing the vehicle and our designers and engineers are working very hard on that, we at Public Policy and a bunch of other folks are really working with the collaborative stakeholders to try to make sure that we're getting the electric grid ready for the plug-in type vehicles.

Dean Linda Livingstone: What is the Volt and what that innovation is?

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Elizabeth Lowery: Hopefully people have heard about the Chevy Volt. But the Chevy Volt can go 40 miles without ever using a drop of gasoline. So it is in a pure electric stage. It's very important because you also have an internal combustion engine. Can run on Flex Fuels or it even can be fuel cells that creates more electricity on board so you can go further than 40 miles if you don't have an opportunity to plug in at the end of that commute. About 75% of the American public has a commute that's 40 miles or less every day so believe that people will really be able to use the Volt without using any gasoline, which is a very, very exciting proposition. So, we've had a lot of interest in it. Again, very exciting technology but also a beautiful vehicle so that really helps to draw some interest to the Volt.

Dean Linda Livingstone: From your perspective as a senior executive at GM, how has the government's role in GM played out and what has been the experience from a leadership perspective of working in that kind of environment where you are seeing much more government intervention than anyone would have every expected given the nature of the auto industry.

Elizabeth Lowery: Well, with respect to my role, a lot of the work in public policy is working with government.

Dean Linda Livingstone: You are more used to it than more areas of the company.

Elizabeth Lowery: Yes, than some of the engineers and scientists and others. But certainly what's important is to make sure that we have good dialogue and we are very transparent with respect to our viability plans so we've laid out everything we're doing with respect to our brands and our products and what we're doing with the bondholders and with our UAW and our salary workforce. So, we basically laid all that out. But the auto task force has been very, very good to work with. They've spent a lot of time in Detroit. We've gone to Washington as well but they really have tried to understand our business. It's a very, very complicated business all the way from the dealer structure to the union structure to the way we build cars and trucks and the intense investment that's required. Again, as we talked about long lead times, all the various technologies; so they really have spent a lot of time learning about the business. Learning about the business model that right now isn't working very well on a global basis for many, many auto companies; and things that really do have to change. And I think the Obama Administration has worked very hard with us to understand all of those issues. Things like going to facilities, seeing what we do every day to build a car and truck. Our focus on intense quality metrics. Every plant they've gone to, the same scorecard includes environmental, energy, all our quality productivity, all measured the same way. So I think they've seen a lot of great work that's behind the scenes yet don't necessarily see it on the headlines.

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Dean Linda Livingstone: If you could look five, ten years down the road with the auto industry from an international perspective, where do you see that going? How do you see that industry coming through that in the longer run?

Elizabeth Lowery: Well, certainly a lot of restructuring going on now. So, globalization is something people are very, very interested in. But not it looks very much like people are getting into the local markets and the regions. And we in the past have had some really good synergies on globalization so we could share products. Some of the facility work that we've done, engineering; so that you could have the best in all worlds. You could work 24 hours if you had these virtual centers and things like that. But that's very hard to do at this point in time because of the government funding coming from various countries. So, what's important is that we look at where the synergies are, where it make sense. But we will mostly be building product where we sell that product. And I think that the companies will shake out in that way. Obviously, very much focused on developing markets as well. I mean, there's a lot of people that still don't have the pleasure of personal mobility that are very interested in it. The auto industry does bring very, very good jobs. It really does develop an economy. So, I think we'll continue to see that all around the world, where people are interested in personal transportation along with figuring out where it makes sense to have other mobility options.

Dean Linda Livingstone: Talk a little bit about Segway. How might that revolutionize transportation?

Elizabeth Lowery: Yes, actually that was very much the connection. Segway and General Motors came together and worked on a personal- it was called PUMA; a personal urban mobility vehicle. And basically it was to figure out how you could give people the ability to be transported in a small two-seater using the concept of Segway. And we introduced it at the New York Auto Show just to get a feel for what it would look like and to purely get people's mindset around that it doesn't always have to be the vehicles we know in North America. As you go around the world, as you know with all the people and congestion there has to be some new systems that are developed. But people do like the ability to get around from a personal standpoint as well. So, the PUMA Project was really to see how that would work out. I think you'll see much more about that and see how it works around the world.

Dean Linda Livingstone: What have you learned from a leadership perspective from being a part of what GM is going through and how you help manage an organization through what is probably the most significant crisis we've seen? What lessons come out of that for you as a leader?

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Elizabeth Lowery: I think the most important thing is to be very realistic. I mean, you really have to understand where you are, what the situation is. So, I think that's been very helpful. The positive attitude is very important. We really have to make sure that our troops are focused on what they control and they really are doing their jobs every day. Obviously a lot of fear, whether people will have their jobs and what the company will look like but also really giving people the idea of you really have to restructure and reinvent. And so you have to be ready to change. So, getting people comfortable with change is also very important. And then also, just really focused on results. We really need to make sure we're making the right decisions. That people are taking risks, making decisions quickly. I think the most important lesson we've learned through all this is that there really has to be a sense of speed and making sure that you're going as fast as you can. You make the decisions. And certainly in that context, you may make some mistakes. But it really is challenging to not make those decisions and then there is no time here. So you really do have to make the critical decisions fast.

Dean Linda Livingstone: You are talking about making a cultural change within an organization that has a lot of legacy issues in the context of what you do. How do you bring about that change and you don't have years to do it? Have you learned anything in this process and helps you know better how to manage that change and work with the people in the organization to bring about that cultural shift?

Elizabeth Lowery: I've been at General Motors almost 20 years and been through a lot of the processes of cultural change and looking at how we could do things differently. I think one of the things that is important is that we talked about a lot of things that we had to do but until we got into a crisis did we do those. So, whether it's restrictions on franchise laws for dealers or the issues with unions and contracts, or some of the restrictions we thought we were always bound by; there are ways to work through those. And that means that you have to make those decisions and really try to do that. Now, I think the cultural change, generally what we do is you get everybody in a room. You try to get everybody to buy in, which is a very nice thing to do when you have the time but you really don't.

So, in a crisis, you really have to decide this is the way it's going to be and communicate, communicate, communicate. I mean, it's very important. As I mentioned earlier, we are very transparent on everything we're doing. We're also trying to be very transparent with our employees so they know what's happening every step of the way. Now that's always challenging because sometimes the media has things before we have them or they make decisions for us somehow. But really trying to be open and make sure that people understand that we are doing the best we can to make the right decisions so that GM will be successful in the long run.

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Dean Linda Livingstone: Talk about the shift in the Board and how does that impact an organization going through what you're going through? How does that play out in the leadership and how you manage through that?

Elizabeth Lowery: Well, I read that in the paper today too.

Dean Linda Livingstone: We probably read the same article in the Wall Street Journal.

Elizabeth Lowery: Yes I did on the plane actually. But I am Secretary of the Public Policy Committee of the Board so I am familiar with what the Board activities are. Certainly Kent Kresa who is our new Chairman, has been asked to look at what should the Board look like. So, he's working through that so I'm not as close to what he's doing. Certainly what we talk about is when we are reinventing the company, it will be a very different company with the role of government, with the role of the VBA, the voluntary benefit program with the UAW. Change in shareholders. So, it would be natural that there would be a change in the Board members. But you're right. That will be a challenge but we've had new members come on the Board. We've had some rotate off. That's a lot all at once but right now everything is new. Everything we're doing is different. Never been done before. I just think it's one of those things that as we put a new company together, we'll have a new Board and people will work through that just like they're working through all the other challenges we have.

Dean Linda Livingstone: What do you think GM will look like in five or ten years?

Elizabeth Lowery: I think GM will be around. I think it will be as we talk about, leaner, greener, stronger. So, it will be very different because it will have four brands that we've been talking about. So, I think Chevy and Cadillac, Buick and GMC is what you'll see from a brand standpoint. It's amazing, probably many of our listeners don't even know all the various brands that are under GM. We're so close to it, we assume everybody knows everything. So, it will be smaller. I think there will be very much a focus on advanced technology and green, which obviously is music to my ears. And there really will be a company that provides still very, very good jobs. Major contributor to the U.S. economy and economies around the world and will continue to really provide people personal transportation that they love. I think you'll continue to see great designs. We've made tremendous progress in our products from a quality standpoint, design, technology. I think that's a little frustrating for all the folks that are working so hard on that, that we probably have the best products, best cars and trucks we've ever had at General Motors but the global meltdown certainly came at a difficult time for us.

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Dean Linda Livingstone: What advice my you give students graduating from either a full time or executive MBA program of some type in terms of thinking about he opportunities that might be out there different than how they thought about them in the past?

Elizabeth Lowery: I actually would look at everything very differently now. As we go through this difficult and challenging time, there's so many opportunities out there. Certainly, there's a lot of opportunities in the whole advanced technology, renewable fuels, all the energy work that's going on. The whole creation of green jobs. I think for MBAs, really helping some of these startups and also looking at companies like General Motors, which will be totally different when the graduates come out. Really just expand the mind and not think about when you think about Detroit, you think of old school. Certainly there's more technology in our vehicles than in many, many other products and it's a very, very fun business. Used to be fun. I'm not so sure I can say that. It's very exciting and certainly there are some great people in the industry. It has a ripple affect, whether it's with suppliers, dealers, all the work you do do with government and the tremendous impact you have on people's lives.

Dean Linda Livingstone: What values do you fall back on as a leader to help you sort of get through it and ground yourself so that you stay focused on the right things?

Elizabeth Lowery: That's a very good question and certainly through the years at General Motors have had a wonderful opportunity to work and go on programs such as Leadership at Peak in Colorado and various executive programs that focus on values. So, what's important certainly as a company; integrity is very important to what we're doing. And so everything and every day we want to make sure we have the highest integrity in what we do. Certainly my values focusing on family are very grounded. Do not let me forget where I came from or what I'm doing.

Dean Linda Livingstone: Children will do that to you.

Elizabeth Lowery: Absolutely. And making sure that you really focus on the fact that all the decisions you're making are impacting a lot of lives. So, we have to make sure we're making the right decisions and we're focused on the right things and being part of that solution.

Dean Linda Livingstone: We wish you and General Motors success in the weeks and months ahead.

Elizabeth Lowery: Thank you very much.

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Rick Gibson: Well Linda, as promised that was a terrific interview.

Dean Linda Livingstone: It was really interesting to listen to Elizabeth and understand what's going on with regard to the environment and energy both at GM and in the automobile industry.

Rick Gibson: It was a terrific way of ending the season of the Dean's Executive Leadership Series.

Dean Linda Livingstone: It has been a great year with wonderful leaders from a variety of industries and great companies. So, we look forward to another wonderful series next year.

Rick Gibson: It certainly is a great resource both for your students and as well as for those who visit us on our website. For those who are interested, let me invite you to subscribe to these podcasts by going to BSchool.Pepperdine.edu/DELS or you can visit us on our YouTube Channel or in iTunes. Until next time, thank you for listening.

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