

## Dean's Executive Leadership Series - 2008-2009

### Transcript of Presentation (Part 1) 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.

**Dean Linda Livingstone:** Well, good evening everyone. It is such a pleasure to have you with us as we bring the sort of the last edition of our Dean's Executive Leadership Series for the year to you. And so we appreciate you being here. I think we've got a wonderful program, certainly a program that's very timely. Timely in ways we had no idea it would be when we called Beth last year and asked her to come. So we appreciate the opportunity to be here. I think it will be a great learning experience for all of us. I want to just do a few updates on some things going on in the school before I introduce Beth to you, but first I would like to recognize Faye McClure who was with Farmer's Insurance Group and Faye and Farmer's have been very generous to sponsor this program for the last three years, I believe, and we really appreciate their support and efforts and so thank you so much Faye. It's really good to have you with us tonight. Now, I do want you to know Faye is really dedicated because she had tickets to the Lakers game tonight and she is here. She is here. She's an alum of Seaver College and our board so we owe you for this one Faye. We do.

Well, a couple of things coming up that I do want you to know about. We have coming up later this week actually a career transition workshop that's being sponsored by our National Association of Women MBAs, the Los Angeles Chapter and it's really going to help people focus on how they might make a transition in their career. Clearly, there's a lot of people having to do that now, some by choice, some not.

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But it is our West Los Angeles campus this Thursday from 6:00 to 8:30 pm. And we're going to have a panel of experts including one of our own faculty members, Dr. Wayne Strom who has done a lot of work in this area. So if that's something you're interested in or you know of someone that that might be helpful to encourage them to come on Thursday night down at our West L.A. campus.

We also have been working on a program with the Southern California Minority Business Development Council. This is an organization that we've actually worked with in our education to business program. And they came to us and wanted to partner with us to help develop some learning tools for their small business owners. And so we have done that. We have a number of our faculty that are doing online videos about various topics in business. So Dr. Charla Griffy-Brown did the first one on supplier diversity and we're going to have a whole series of those and so in addition to those being on the Southern California Minority Business Development Council Web site, we're also going to work on making those accessible from our Web site as well. So it will be a great opportunity to provide you with some additional learning opportunities beyond the things we provide like the Dean's Executive Leadership Series.

How many alums do we have in the room? Okay. A good crowd of alums that's wonderful. So we have an opportunity for you as an alumni, if you would like to go back to school and refresh your skills we are going to make that easier for you to do that. We are rolling out this fall a program called MBA Plus. And it allows anyone who's a graduate of one of our MBA programs whether it's full time, are fully employed in our executive programs to come back and take courses in our emphasis track and our fully employed program for a discounted tuition rate. And so you can take one class a year at a 75 percent tuition discount. You can take additional classes in the same year at a 25 percent discount. But if you want to retool, if you want to refresh your skills in the area that you're in you will have the opportunity to do that. So be looking for more information about that as we begin that program this fall.

Related to that, we have also completely revised our entrepreneurship emphasis in both our full time and our fully employed program. We hired a new faculty member this year, Dr. Larry Cox who's run nationally ranked entrepreneurship programs at two other universities in the country, completely redesigned that. It's going to be a really excellent program. So if that's something you have an interest in it would be a great way to take advantage of the MBA Plus program and to come back and work on an entrepreneurship emphasis.

And then finally, as we have started our summer term and are looking towards the fall and spring terms next year we do want to continue to encourage those of you that are alums and certainly others in the room if you know of individuals that you think would be strong candidates for one of our programs we

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encourage you to refer them to us. Find one of the staff here. There's ways to do that online. We actually have a program right now that's an alumni referral scholarship program. So students that are referred by alumni and if they're accepted into one of our programs will get a \$2,500 scholarship. So if you know of someone that you think would be a strong candidate, please let us know. We find that some of our most outstanding students are referred to us by alumni.

Well, what we're here for tonight is to learn some about what's going on at General Motors. If you have been reading the papers recently you know there's a lot going on there. And we have a really special guest with us tonight, Elizabeth Lowery who's the Vice President of Environment, Energy and Safety Policy for General Motors. She is one of the highest ranking female executives at General Motors and frankly in the auto industry more broadly than that and is responsible for developing, implementing and promoting General Motors environmental and energy policies globally. She actually started at GM in 1989 and worked her way through the ranks primarily on the environmental side and the energy side. She's originally from New Britain, Connecticut. Has a Bachelors degree in business from Eastern Michigan University. Has a Law Degree from Wayne State University. And practiced law for a number of years before going to GM. And she served as a law clerk for Michigan Supreme Court Justice G. Mennen Williams. She is also the Chair of the Board of Directors for the World Environmental Center, an independent not-for-profit non-advocacy organization. She's on the Board of Directors for the Keystone Center of Public Mediation, an educational organization and Haven, a non-profit organization that works to create violence free homes in communities.

So in addition to her work at General Motors she's clearly very involved in the community and services the community in a variety of ways. She has been honored in a number of areas and by several different organizations including Crane's, Detroit Business, Detroit Historical Society and Corp Magazine as one of the most influential women in the automobile industry. And in 2007 she was awarded the Automotive Hall of Fame's distinguished service citation for her contributions to the automotive industry. And so it is just with great pleasure that I introduce to you Elizabeth Lowery and she's going to share some words with you and then we will visit for a few minutes before opening up the floor to questions from the audience. So it's great to have you with us, Beth.

**Elizabeth Lowery:** Thank you. Good evening. It's great to be here. Thanks for that very kind introduction. I hear some of that and I think is that really me? Did I do some of those things? But it really has been a great journey and certainly I hope that this qualifies as alumni so I'd love to come back and take a course for 75 percent reduction. We need that these days. When I accepted the invitation last year I really wanted the opportunity to come out here and we spend a lot of time on the East Coast and the West Coast to try to understand how people look at things maybe a little differently than we do in Detroit.

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And so really thought this would be a great opportunity to have some exchange and really talk about the auto business and hear some of your views and answer some of your questions. And then things have changed a bit. I also had a real interest to see how beautiful this campus was and the pictures and the way people describe it doesn't do it justice. It is one of the most beautiful places, so I see why there are a lot of alumni and a lot of dedication to this beautiful university. And I also want to congratulate, I understand the School of Business is in their 40<sup>th</sup> anniversary, and certainly that's very impressive milestone when you consider how much the world has changed in 40 years that would be an interesting series to see how it's evolved and all of the different things people have done from graduating from the School of Business. Educating leaders who create value for business and society is a worthy goal and one that I personally admire.

We had a conversation earlier about values and how important it is in all of society but certainly values with the business world is very critical. And also when I agreed to come last summer which I can't believe it was we started talking about this I certainly could not have foreseen the new challenges that lay ahead for my company, for the global auto industry and the world economy since last summer. Some of you are probably surprised I'm here since there's so much going on back in Detroit. But I would suggest there's not a better time for that engagement and frankly I wanted to get out of Detroit. It's very interesting that you do have to step away from it occasionally. As much as you've read a lot about what's going on at GM you can imagine on a daily basis what it's like from a headlines standpoint and local news standpoint. And obviously I enjoyed meeting a lot of you during the reception and I look forward to the exchange. But I really wanted to take the opportunity to share with you some of the things that are going on at GM. You probably don't read about them in the paper, some of the great things on our product side and I will go through what we're doing on the reinvention and again happy to answer questions. I was asked to spend a few minutes and the bio really went through that on my background.

I started at General Motors in 1989 and certainly it's been a dramatic change. I started out as an environmental lawyer at GM. And one of my first assignments was not just working on the legal issues but to also look at the company from an environmental perspective and how we could get policies in place that could really explain to the external world what we're all about. So we did put together a set of environmental principles. It seems like a long time ago now. And then had a mutual endorsement with a number of environmental groups that were part of CERES, the Coalition for Environmental Responsible Economies. And certainly I'm very proud of my role back then but it's interesting to start with that one project, bringing that through the Board of Directors and then end up in a position where I am Vice President Environment, Energy and Safety Policy actually implementing those policies on a global basis. And so it has been quite a career. And certainly there's never been a better time both at GM and actually in this country to be a lawyer, a policy maker, advocate for the environment, working in the automotive

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business. All of my experience with government is coming in quite handy these days. And certainly it's a challenging period of GM's 100-year history.

But also in this challenging time there's a lot of opportunity and I think that's what we really have to focus on. As you probably know the U.S. Treasury has agreed to provide financing. They're very actively involved in our business. And it's a very important part of our commitment to make sure we're reducing costs and becoming more competitive. It means making tough, painful choices, that affect, people, families, and communities throughout the country. Together with the President's Automotive Task Force and other stakeholders we are working around the clock to take advantage of the historic opportunity that reinventing GM presents. And as President Obama has said the success of this reinvention is vital for GM, for the U.S. and global economies and for the millions of employees, suppliers, dealers, retirees, and others who depend on our company.

Two weeks ago our CEO Fritz Henderson did report on the state of the business viability plan and focused on four areas: sustainability profitability, a healthy balance sheet, streamlined operations and technology leadership. And the plan emphasizes our continued focus on great cars, trucks, and even crossovers. We are concentrating our product development and marketing efforts on four core brands, you probably read about that. There's been a lot of discussion on how many brands. There are four: Chevrolet, Cadillac, Buick and GMC. And we'll have fewer and better vehicles to support these brands. We've also renewed our commitment to lead in fuel efficiency, to lead in hybrids and advanced technology. And all of our major production introductions in the U.S. from now until 2014 are high mileage cars and crossovers. And so even in these tough times we continue to invest in advanced technology initiatives GM is vital to the U.S. economy we directly and indirectly support 1.3 million U.S. jobs. And we're committed to investing in advanced technologies and high tech green jobs. California's Governor Schwarzenegger acknowledged this much when he spoke at the Society of Automotive Engineers World Congress in Detroit. He said quote, "With billions of people around the globe entering the car market for the first time and seeking emerging efficient but high performance and stylish cars and trucks, America has an opportunity that exceeds even when the auto industry saw its initial expansion in the 20<sup>th</sup> century." And I couldn't agree more with that statement.

GM is a world leader in efforts to displace petroleum as the primary source for personal transportation. Our strategy is to work on all of the potential pathways, to achieve energy competition and choice. We don't think there's one perfect solution that resolves all of the challenges consumers will face around the globe. Currently, GM's advanced technology efforts focused primarily on fuel efficiency, biofuels and vehicle electrification. First, let's look at what GM is doing to improve the efficiency of the internal

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combustion engines. GM has always complied with the U.S. federal fuel economy rules and we're fully committed to meeting all future requirements in this area.

Today in the U.S. we offer 20 models that achieve 30 miles per gallon or more in highway driving, more than any other automaker. When we go out in focus groups and ask this question no one gets this right. They assume that it's another company. The number includes Chevy Malibu which gets better fuel economy than Toyota Camry and there's also a hybrid version of the Malibu. These new technologies and vehicle enhancements are all ready in GM vehicles that people are buying every day. These improvements will enable GM's 2009 domestic car and light truck lineups to save 700 million gallons of fuel over the lifecycles compared to the 2008 fleet. Fuel efficiency is top of mine as we develop and introduce new products. There's a big message in much of our recent advertising and let's take a look at one of the spots from Chevrolet that really emphasizes this commitment.

<start video clip>

**Narrator:** Progress. It starts with more models than Toyota or Honda with an EPA estimated 30-miles per gallon highway or better. Next it's a lineup of hybrids that fit the way you live. And one day, Chevy Volt a car that can go up to 40 miles before it uses any gas at all. That's an American revolution.

<end video clip>

**Elizabeth Lowery:** This shows obviously what we've gone through this period of time. And we'll mention the Chevy Volt, we'll talk about that a little bit later. But I also want to show you that the vehicle launches through 2014 are fuel efficient cars and crossovers and I'll give you a few samples. The 2010 Chevy Equinox compact crossover will achieve the best fuel economy in it's segment 32 miles per gallon and it goes on sale in June. Just a bit further down the road Chevy will be offering another fuel efficient car the Cruze subcompact. We estimate it will almost achieve 40 miles per gallon on the highway when it becomes available in the fall of 2010. And at GMC we just introduced a new terrain compact SUV at the New York Auto Show. We expect it will also achieve 30 miles per gallon on the highway.

We've even reinvented a classic American sports car like the new 2010 Chevy Camaro to make it fuel efficient. The version with the direct injected V-6 gets 29 miles per gallon highway which is five miles per gallon better than the Ford Mustang. And as the auto taskforce comes and looks at all of the various products they really get in the Camaro to see what it's like. Everybody loves the Camaro. Next, let's look

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at what GM is doing in the area of biofuels. Alternative fuel vehicles offer another more efficient variation on the internal combustion engine. GM has been in the forefront of developing these vehicles. We built an extensive experience base in Brazil. We believe biofuels especially cellulosic ethanol which is made from non-food grains such as switch grass, forest and farm residue and even trash will offer the greatest potential in the short run to displace petroleum as a transportation source. Today GM has 3.5 million flex-fuel vehicles all ready on the road today and we're committed to making 50 percent of our vehicles flex-fuel capable by 2012. We also want to see a lot of the fuel back in the marketplace so that we can actually fuel these vehicles with ethanol.

Finally, we're placing a lot of emphasis on electric vehicles, like hybrids, plug in hybrids, extended range, electric vehicles, like the Chevy Volt which you saw on the TV spot. For people interested in hybrids GM offers lots of choices to meet their needs. Full size SUVs like the Tahoe, Yukon and the Escalade. Full size pickups like the Silverado and the Sierra and passenger cars like the Malibu. Let's look at another short video clip, Chevrolet's Don Butler where he's talking about hybrid vehicles, diversity and creativity. And this spot was done with Discovery Network's Planet Green which we have a relationship with.

<start video clip>

**Don Butler:** In my travels related to my job I've been exposed to a lot of diversity in terms of people and cultures. And one of the things that I have learned is diversity fosters creativity. I'm Don Butler, Executive Director of Truck Marketing for Chevrolet. I've worked for Chevrolet since 2007. Just prior to that I was that the Managing Director for General Motors Egypt. One of the things that impacted me while I was in Egypt was to look at how they manage garbage, literally nothing goes to waste. When you think about a hybrid vehicle, one of the things it's intended to do is minimize the amount of energy that goes to waste. The energy gets converted into something useful in the hybrid. These new Chevy hybrid provide a broad range of powerful choices. Actually, the 2008 Malibu was named car of the year and it's also available as a hybrid. Everywhere around the world people understand that meaning to adapt. We need to change the way we do things so that we're much more compatible with the environment.

**Narrator:** Join the conversation at [PlanetGreen.com](http://PlanetGreen.com)

<end video clip>

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**Elizabeth Lowery:** And when we talk about electric vehicles, we talk a lot about the Chevy Volt and I hope many of you have heard of it. The vehicle is a quantum leap. We talk about reinventing the automobile. It becomes the industry's poster child, so to speak for that reinvention. And we'll begin producing the Chevy Volt in November 2010. The four passenger Volt sedan uses a small engine to create electricity on board. It will allow a driver to travel 40 miles on gas free electric power alone which meets the daily commuting needs of about 75 percent of Americans. After that, the engine kicks on to generate electricity allowing several hundred additional miles of electric driving. The Volt becomes even more compelling when you consider the merits of grid electricity as an energy source, versus gasoline. It's battery is very inexpensive to recharge costing about 2 cents per mile or about 80 cents a day. This is one-third to one-sixth of driving a comparable gas powered vehicle depending on whether you're paying \$2 or \$4 at the pump.

Electricity can be generated from diverse energy pathways many of which are renewable. In developing a large market for electric vehicles requires collaboration on many fronts. GM is partnering with other stakeholders throughout North America to accomplish this, many of these partners right here in California. We have joined with more than 40 major utility companies in the U.S. and Canada along with electric power research institute to form a coalition to prepare plugin hybrid vehicles for commercialization. Here in California, we're partnering with Pacific Gas and Electric, the Sacramento Municipal Utilities District, San Diego Gas and Electric and Southern Cal Edison. We're also collaborating with San Francisco and Washington D.C. to develop a plan to help communities get ready for plugin electric vehicles. Looking beyond extended range electric vehicles like the Volt GM sees the promise in hydrogen fuel cell electric vehicles. For the past 18 months GM has conducted the world's largest fuel tests program Project Driveway. We've put more than 100 fuel powered Chevy Equinox's like the one you saw coming in here today in the hands of more than 3,400 regular customers, many of them here in Southern California. These people have driven more than a half-million miles with zero petroleum leaving a carbon footprint of zero. Some of these vehicles are also being used by Disney and Virgin Atlantic. And Virgin is using them to chauffeur first class customers to and from LAX.

We've also provided a fuel cell Equinox to the California Fuel Cell Partnership, a group that we've been actively involved with for some time. GM will be part of the partnership's 2009 Fuel Cell Rally later this month driving from Baja, California to Vancouver. I'd like to switch gears for a minute and talk about how GM is helping to create green jobs here in the U.S. GM all ready employees a significant number of people who perform green jobs. And as we reinvent the automobile in our company the number will continue to grow. Despite restructuring efforts that are reducing our overall salaried employment levels we are increasing our investment in lithium ion battery development and also all of the various work on the Volt. We have more than 1,000 engineers and technicians directly involved with this program. In January, GM announced it would be the first major automaker to establish a lithium ion battery pack

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manufacturing facility right here in the U.S. The battery packs for the Volt will be assembled at this new facility and the Volt itself will be built in Detroit, Michigan. The world's largest advanced battery testing facility located in Warren and we've also announced a five-year collaboration with the University of Michigan and the U.S. Department of Energy.

In Southern California we have engineers in Torrance and Burbank who are working on power electronics for our plug-ins, our hybrids and our fuel cell vehicles. GM also owns a portion of HR labs here in Pepperdine's backyard and we also have advanced design center in North Hollywood. And the last topic I wanted to cover before we open up for questions is for the comments that Governor Schwarzenegger made in Detroit last month. He noted how important automakers are in the environmental energy equation and he offered to help us in our quest to reinvent the automobile. He said quote, "California is here to be the auto industry's partner for this new beginning." He also volunteered to tape a commercial to promote Detroit vehicles and manufacturers. That ought to be a great commercial. And the Governor also talked about the importance of establishing national standards as stringent as California's in order to ensure that new cars will be the cleanest on the road and that automakers like GM will only have to meet one standard, not 50.

GM also supports a single national set of vehicle fuel economy requirements. And we believe it is the best way to reduce gasoline consumption and CO2 emissions. Individual state efforts to regulate tailpipe emissions undermine this national approach. As I wrap up my prepared remarks, I want to thank you again for inviting me to talk and to be able to talk about what we're doing to reinvent the company and the automobile. A reinvented GM will greatly advance America's technology leadership in energy independence. More importantly, we'll be bringing cars and trucks and crossovers like the ones you've seen here tonight that make a new statement. They mark the start of GM's second century. I'd be happy to answer questions Linda and from the audience. Thank you.

#### End ####