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## **SPOKEN WORD TAKES PRECEDENCE**

### **Opening:**

Good morning.

It's great to be back in Traverse City for the Management Briefing Seminars.

Terrific event put on by the Center for Automotive Research, an insightful event without fail year after year for more than half a century

- All in the beautiful backdrop of Northern Michigan.

*[ad lib personal N Mich golf story or observations]*

### **Theme:**

The theme of today's session is

"Leading in a Transitional World"...

While it's true that the automotive world is ever changing, it's also true that some periods are more transitional than others...

- This is one of those periods.

As a matter of fact, we believe the industry will change more in the next 5 years than it has in the last 50.

You've heard the old saying, "The more things change, the more they stay the same."

I'd argue that today, with this exponential rate of change going on, you'd have to make that, "The more things change, the more things change."

You're probably wondering what that means, so let me embellish for a minute or two...

Our business is constantly evolving...

- Vehicles,
- Markets,
- Customer preferences,
- Vehicle ownership,
- Business model,
- Infrastructure...

Now, that doesn't mean that there aren't any constants... some aspects in this business are never going to change... and I'll get to those later.

In fact, I'll discuss two topics that demonstrate significant change and two that stay the same.

Our industry is changing more rapidly than ever, and that means companies, even those the size of GM, have to be much more agile.

The bold decisions of today will determine the success of tomorrow.

The profitability of our company today is funding the future.

Great companies make tough decisions on where to invest, but also need to make tough decisions on where to divest.

We have to demonstrate the willingness and discipline to take action when a business or investment will not generate an appropriate return.

The Opel sale, which I'm sure you heard we completed yesterday, was not an action we took lightly.

However, through very careful consideration this is the right strategic choice to advance GM's transformation, progress and performance.

For us, this represents another major step in the ongoing work that is driving our improved performance and transforming the company to be more focused and disciplined.

We are continuing to deliver consistent, record results for our owners through disciplined capital allocation to our higher-return investments in our core automotive business and in new technologies that are enabling us to lead the future of personal mobility.

The closing of the transaction is a win for the stakeholders of General Motors, Opel/Vauxhall and Group PSA because it enables each company to capitalize on its respective strengths and strategic priorities.

There are many other examples of this around the world... it comes down to what makes good business sense in this era of rapid change.

It's crucial in today's industry to be as profitable as possible, to fund tomorrow's opportunities.

To do that, you have to make choices, and allocate your resources to where they can do the most good, and generate the most profit.

To pursue new things, it may be necessary to decide what not to pursue.

Nobody knows better than we do that being the biggest auto company in the world doesn't automatically make you the best one.

Part of being the best is putting yourself in the best position, whether that means exiting a non-profitable market, or putting the right mix into hot-selling segments in other markets.

Great companies must be agile and adaptable.

## **2. Evolution of the Automotive Ecosystem**

The whole transportation model is changing, with the advent of electrification, ride-sharing and autonomous vehicles.

Of course, GM has invested heavily in these areas, and I think it has us in a great position to lead as they move toward the mainstream.

We've created an intersection between:

- ride share with our partnership with Lyft, as well as our Maven car-sharing start-up, which Rachel from our Maven Team told you about yesterday... Amazing to think that Maven has provided more than 12.5M rides since it was introduced last year.
- deep software capability with our purchase of Cruise Automation and its autonomous technology, as well as our investment in artificial intelligence...
- our leadership in connectivity with OnStar, which serves 12 million customers a year and has created 5 million WiFi enable cars, crossovers and trucks
- All of this is being supported by our suppliers providing numerous technologies such as long and short range radar, Lidar, sensing technologies, etc...
- And, let's not forget, massive industrial manufacturing scale and know-how to make automobiles.

The integration of these pieces has us in a better spot than anyone else to redefine transportation, both in this country and around the world.

Back in January, we began production of dedicated, ground-up autonomous vehicles based on our award-winning Chevrolet Bolt EV, an affordable all-electric vehicle with 238 miles of range.

So far, we're the only auto company to assemble self-driving vehicles in a mass-production facility.

No other company has the unique and necessary combination of technology, engineering and manufacturing ability to build autonomous vehicles at scale.

To date, we have completed production of 130 Chevrolet Bolt EVs equipped with our next generation self-driving technology.

These vehicles join the more-than-50 first-generation self-driving Bolt EVs we have already deployed in test fleets in California, Arizona and Michigan.

We are putting the autonomous Bolt through a demanding testing program and we're doing it with safety absolutely top of mind.

In addition to advancing safety, self-driving vehicles have the potential to:

- reduce congestion
- supplement public transit systems
- provide connectivity between city and suburbs
- and facilitate a system of doorstep-to-doorstep mobility for elderly and disabled residents.

As I said, autonomous vehicles can provide many benefits to society in terms of safety, convenience and quality of life.

A recent study says that 30 percent of all vehicles driving city streets at any given time are simply looking for parking.

There's your convenience and quality of life angle right there.

More important, of course, is safety.

- In 2015, traffic accidents cost more than 35,000 lives in the United States, which was the largest percentage increase, year-over-year, in half a century. Last year, the number went up again, to about 40,000.
- Beyond the horrible tragedy of lives lost, the total value of societal harm from motor vehicle crashes is approximately \$836 billion, according to NHTSA. That's an astounding figure, and it doesn't have to be that way.
- It's estimated that 90 percent of the accidents involving fatalities in 2015 were caused by driver error - errors that autonomous driving has the potential to eliminate.

As many of you know, distracted driving is a subject that has dramatically affected me and my family.

I'd like to take a minute for a public service announcement.

There is a pledge board next to Paul W. Smith's radio booth as well as on [www.mkiefer.org](http://www.mkiefer.org).

I ask each of you to visit one of those two places and pledge to help end distracted driving.

Thank you.

*(Pause)*

At GM, the highest priority in our vehicle development process is always safety, and of course that priority extends to our development and testing of these autonomous vehicles.

Expansion of our real-world test fleet will help ensure that our self-driving vehicles meet the same strict standards for safety and quality that we build into all our vehicles.

We believe the societal benefits and business opportunities of autonomous vehicles will be significant... and we intend for GM to be a leader in their development and deployment.

Let me turn now from exponential change to fundamental truths.

No matter how quickly this business changes, no matter how soon we're ordering up pod-cars on our phones or flying around in them like The Jetsons, there are at least couple things that will stay the same, and remain the hallmark of a successful company.

### **1. Strong brands intensely focused on the customer**

These are especially important now, as we aim to move metal today to fund tomorrow, but I believe they'll be just as critical to success in the future.

Under Mary Barra's leadership, GM's goal is to "earn customers for life."

Fundamentally, it's about changing behaviors, holding ourselves accountable, and delivering on our commitments.

It's about putting the customer at the center of everything we do... and that applies to every function and every employee.

That's the culture inside GM today.

A key part of this culture is our focus on quality and building brands that inspire passion and loyalty, up and down the automotive spectrum.

Chevrolet, like no other brand, personifies that broad spectrum.

Nobody else can boast a product range that runs from a Corvette Z06 to a Bolt EV, from a Silverado HD to a Trax, from Suburban to Spark.

Chevrolet last year had its best U.S. retail sales performance in 10 years.

In fact, Chevrolet grew its U.S. retail market share faster last year than any other brand.

And Chevy will continue to grow with technology to reach underserved markets.

For example, Chevrolet now has diesels in 7 cars, trucks and crossovers, with displacements ranging from 1.6 to 6.6 liters, including the 52 MPG Cruze.

Buick is expanding its lineup faster than ever, adding a convertible to its sedan lineup, and a Regal GS performance model, as well as the Regal TourX, the perfect blend of sedan and SUV.

Its award-winning crossover lineup really paces the brand, from Encore to Enclave, as well as Envision, winning sales and new customers to the brand and to GM.

And while Buick is traditionally known for making quiet vehicles, it has also quietly become a leader in the all-wheel drive space.

With its new intelligent AWD with active twin-clutch, it offers improved control and efficiency. In fact, every Buick sedan and SUV offers AWD today.

Last year, Buick marked its fourth straight year of record global sales, selling more than 1.4 million vehicles globally - the most in its 113-year history.

Our second-largest brand by volume in the U.S. is GMC, one of the fastest-growing brands in the industry.

Last year, GMC had its best U.S. retail sales performance in 12 years.

GMC launched the next-generation Acadia crossover last year.

And it was joined this year by the new GMC Terrain... again, right into the heart of the very popular crossover market.

And GMC's Denali sub-brand continues to highlight the power of branding, with Denali sales representing more than 25 percent of GMC retail sales.

GMC has sold more than one million Denalis since the launch of the sub-brand in 1999 and Denali currently outsells the entire product lines of some premium automakers, including Land Rover, Jaguar and Porsche.

Meanwhile, Cadillac continues to re-invent itself in the luxury market.

Last year, the brand had its best global sales performance since 1986, and the highest Average Transaction Prices in Cadillac history.

In addition to great new vehicles like the XT5, CT6, and XTS, the big news at Cadillac is the introduction on the new CT6 Super Cruise, an important step toward autonomous vehicles.

Unlike other driver assistance systems, Super Cruise™ utilizes two advanced technology systems - a driver attention system... based on a camera mounted on the steering column.

This monitors your head position and state of alertness.

There's also precision LiDAR-based map data.

Both ensure safe and confident vehicle operation.

These systems are added to the network of cameras and radar sensors in the CT6, providing a more data-rich approach to driver assistance that is unique in the industry.

And it's the only semi-autonomous system on sale this year that allows drivers to take their hands off the wheel at all highway speeds, even in stop-and-go traffic.

In preparation for the September introduction of Super Cruise on the Cadillac CT6, GM engineers are logging roughly 160,000 miles of U.S. and Canadian highway driving as part of final validation for the system.

In fact, I drove an early build CT6 with Super Cruise here this week.

It was quite the experience to drive from Detroit to Grayling without touching the steering wheel.

Initial media reviews have been incredibly positive and, again, we think it clearly shows our intention to lead in this new area of mobility.

In addition to strong brands with a relentless focus on pleasing the customer, there's something else you need to succeed...

## **2. Strong partnerships and great relationships...**

This will never change.

Not in this business, nor any other.

Everything I've just described, be it autonomous, electrification, or even just building strong brands... all of it is impossible without a thriving, high-quality supply base.

I take a lot of pride in our relationships, and my team takes a lot of pride in the fact that we're doing a better job working with our suppliers, and being true partners with them.

Maintaining strong, solid, honest relationships with our suppliers is a huge key to our current and future success.

We have transformed the way we work and share information with them by implementing new tools and focused objectives.

And we're starting to see the results of our efforts.

Last year, GM was the most improved OEM in the 2016 PPI Supplier Relations Study, improving 11 percent over 2015.

The results are a testament to putting relationships first, and validate our efforts are working

Now it's one thing for me to say it, however, I am not alone - take a look at what others are saying about our momentum in nurturing relationships...

Our plan for 2017 has been focused on creating zero-defect designs and eliminating safety, warranty and durability issues.

This is crucial for us, and for our customers.

We're working with our suppliers to integrate the same built-in quality processes in their manufacturing that we use in ours.

We're also focused on a Total Enterprise Approach to business.

We have a single-minded focus on profitability in all aspects of the development and supply process and our one-cost modeling will help, because it eliminates waste and drives efficiency.

Also driving efficiency is our global integrated logistics system, and global supplier footprint optimization.

All of this is done under the umbrella of safety... safety for our customers, safety on the roads, safety in the workplace, safety everywhere.

We are committed to ensuring that our employees, and our suppliers, keep safety top of mind, daily, always.

The bottom line is the customer.

We want to be the most customer-focused company on the planet, and that starts with keeping our customers and their families safe.

Our suppliers help us get there... I consider them true partners.

And that's how I want them to look at us.

I want them to see that great product lineup and those strong brands I just talked about and say, GM is where we should invest, that's where we assign our best people and introduce our best new technology.

We want to be the OEM of choice for suppliers, and we want them to bring us their best ideas, their innovation, because they know we will get it into the hands of customers the right way.

And we'll all succeed together.

Some things will change, and some things will stay the same, but together we can challenge each other, we can help each other, and we can lead.