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# Barra’s tough call positions carmaker for the future

**By Daniel Howes (excerpt)**

The continuing transformation of General Motors Co. is reaching the most pitiless stage this town has seen since the industry's epic bankruptcies nearly a decade ago.

On the first day back to work from the Thanksgiving holiday, the Detroit automaker confirmed plans to cut its salaried workforce by 15 percent, to dump most of its car models and to idle five plants in three states, two countries and its hometown.

The moves come amid a buoyant national economy, a low jobless rate and strong financial performance for the automaker — hardly the makings of a downward spiral. They're an unambiguous expression of CEO Mary Barra’s belief that good leadership reacts to problems when they surface lest they get worse with time.

Change is here. The market's rotation out of traditional cars, combined with the enormous capital requirements for developing and testing next-generation mobility technology, is overturning a status quo re-established after GM's bankruptcy. The result is likely to be fewer union plants building more high-margin vehicles. …

… Where have they been? Fat profits coming from one country are not enough to support a rapidly changing business model steeped in advanced technology. GM makes and sells more vehicles in China than it does in the United States, a trend now several years old and unlikely to change. And the automaker's doubling-down on what it calls its "growth" plants for trucks and SUVs inevitably would come at the expense of traditional car plants and their hourly workers.

"This is not a surprise," David Kudla, chief investment strategist of Grand Blanc-based Mainstay Capital Management LLC, wrote in a note. "Mary Barra is moving quickly to restructure the company for both a cyclical downturn in the industry and a secular change in the industry." …