

The Big Three (3) Bailout: “It’s All About Leadership!”

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As I started to write this article and continuing with the theme: A Reflection: “Leadership does not Change”, I stopped and pondered the big “Bailout” debate that is going on in Washington, D.C., with the Big Three Auto makers: General Motors (GM), Ford and Chrysler and decided to write and address some concerns from a leadership perspective. I am not so much concerned with the fact they are trying to save their organizations from bankruptcy, but I am concerned of the millions of jobs in this great nation of ours it will impact if nothing happens at all. I am also concerned that these gentlemen who are leading these organizations just don’t get it!

With a weak economy and rising energy costs it has led consumers to postpone big purchases. Even before the current slump deepened, rising competition was pushing all three carmakers to cut workers, close factories, and streamline the number of products for sale. Some of the more serious problems include high labor costs and what analysts say was a failure to be ready with new products as gasoline prices began rising several years ago. Now executives in Detroit are coming to the conclusion that, in a world of rising demand for energy, high fuel prices are probably here to stay. "The culture within these car companies didn't inspire long-term planning and alternative business plans," says Karl Brauer, editor in chief at Edmunds.com.

It was Max Depree who said “The first responsibility of a leader is to define reality. The last is to say thank you.” It was and it is the responsibility of the leaders of these three institutions to chart the course for their employees and their organizations. Leaders are responsible for a sense of quality in their institutions, whether or not these institutions are open to influence and open to change. Effective leaders encourage and nurture the roots of their organizations. Somehow the Big Three Automakers did not accomplish this. With the markets changing to meet the needs of a transforming economy GM, Ford and Chrysler should have taken a lesson from their foreign competitor’s playbook.

Japan some years back started making hybrids and smaller and fuel efficient cars, but we, the United States continued to make the large fuel consumption cars. Again, it goes back to leadership. Leaders are obligated to provide and maintain momentum. Momentum begins with competent leadership and a management team strongly dedicated to aggressive managerial development and opportunities according to Depree.

With this current crisis we are going through, I believe as Americans, we will rise above it, but at what cost? Ultimately, it is all about leadership and momentum and some may say effectiveness because leaders are responsible for the effectiveness of their organizations. Peter Drucker once said that “Leaders can delegate efficiency, but they must deal personally with effectiveness” and of course, the big question is “how.”