

CONVERSATIONS WITH MIKE MILKEN



Mary Barra

Chairman and CEO, General Motors Company

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Mike Milken: Mary, thank you for joining me today.

Mary Barra: Well, thank you. It's great to be a part of this.

When I think of your career, I see the American Dream. Your father worked for General Motors. You were 18 years old when you started working part-time for General Motors. You got your undergraduate degree from General Motors University, Kettering University, and you've spent your career at General Motors. You are a symbol of that opportunity that girls didn't have a chance to dream in the 1950s or sixties or even the seventies in America. What motivated you as a young girl, going to school and working at the same time, getting your MBA from Stanford – let our viewers learn a little bit about you.

My parents truly believed in the American Dream – neither had the opportunity to go to college. My dad was a die maker at General Motors and my mother was a bookkeeper, but they truly believed my brother and I could do and be anything. And they encouraged us to work hard in school and go to college and help create our own future.

And so that was how I was raised. I happen to love math and science, and so in school I was encouraged to continue to pursue those degrees. My father actually retired from General Motors as I was graduating from high school because my parents were older.

And so General Motors Institute provided a phenomenal opportunity for me to go to school, to work as a co-op student in school. And you did that back and forth for five years and you were able to really pay for your own degree. And so that's one of the reasons I went to the General Motors Institute. I was encouraged by the company to study engineering and ended up getting an electrical engineering degree.

And then at General Motors, I have been there now, if you count my time as a co-op, because I actually started as an employee of General Motors as a co-op student in 1980, I've been there for about 40 years. But I feel like I've had so many great careers at General Motors because I've been able to

do so many things from working in an assembly plant to later being a plant manager to running HR, to running internal communications, to running product development. And so I really feel like had just a wealth of opportunities to learn. I've had many great mentors along the way. And actually, when I think about the fact that I'm the first woman CEO at General Motors, the foundation for that was really put in place in the 1990s and 2000s as people believed in me, mentored me, gave me stretch assignments and really helped me

develop. So it was their commitment at General Motors to diversity which gave me the experiences to be considered for the role I'm in now.

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In so many ways the company has been first. General Motors was first minority supplier program in the automobile industry; first Fortune 500 company to add an African American to their board in 1971; first minority dealer program; first automaker to run an LGBTQ ad; first and only automobile company auto dealer to have a woman's dealer program. First and only automobile company to have an African American leading global design. General Motors operates on five continents: over 12,000 dealers in 84 countries; has 164,000 employees; is No.1 in North America and South America, No. 2 in China, and all of Asia, Middle East; and Africa, one of the top four. And trucks make up almost 30 percent. Running that in a world that's changing, in a world of ESG, might have been a big enough assignment, but you were thrust to try to figure it out, first, what is COVID-19? How is it going to affect the health of my own employees? What's our interaction going to be with customers? How are we going to manufacture cars? When did you first sense this potential for a worldwide pandemic?

Well, it was the last week of January, because as you mentioned, we have a significant business with our partner in China. And as we started to understand what was

happening with COVID-19 in China, looking at what was happening with our facilities, we started to realize this was a very serious situation. Quickly, then seeing it moved to Europe, it almost became inevitable that it would be a global pandemic. And so very early on we started working with our China team, and I couldn't be more proud of the team because everybody worked together first to support the team in China, the team in Korea and then in Europe, because we still have sales operations there to make sure we were doing the right thing for our employees.

As we worked together as a global team, we started to learn a lot. And so as we got to the significant impact in the United States, we took the steps to suspend operations and have people work from home. And then we immediately started to look at the lessons, because at this point many of our team members were back to work in some form and fashion, and China and Korea actually only had small points where they stopped

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operations. So developing the guidelines and the procedures that we would use to bring people back to work, actually working across the industry, working across with the supply base.

We recognize for some people their vehicle became even more important. And so we made sure that we kept critical service operations and our warehouses that would send parts to dealers; we kept those operations running as a kind of an essential service to keep our customers on the road. Our

dealers contributed greatly; they quickly moved to an online sales model. We had a tool that we call Shop, Click Drive, where much of the transaction of buying a vehicle was already online. Many of our dealers quickly switched to that. And I think it just showed the resourcefulness of every single area of the company working globally, prioritizing our employees and our customers, and then looking at how we could continue business.

I couldn't be more proud of how quickly people transitioned to working from home and just how resourceful and empowered and productive they have been, even finding opportunities to accelerate. I couldn't be more proud of the team through this whole period of how we learned globally, worked together as a team and focused on our priorities.

We have done podcasts now with more than 100 people, about half lead for-profit and about half lead nonprofit organizations, and they employ about four million people. One of the biggest surprises I got as I was talking to the head of one of the world's leading medical research companies, when I say to him, 'okay, what do you do to relax?' He and

his wife get in their car and go for a drive. They might go to the lake, and they listen to music and they go for a drive in their car, and that recharges his batteries.

I've actually heard many stories of people saying, 'with all of the restrictions, I just got out and drove and wasn't exactly sure where I was headed, but it really became a place to get away, to be able to think and relax.' And so we're really proud that we're able to keep up all those vehicles on the road.

One of the things I wanted to ask you about, the high percentage of trucks that are sold today as amount of total vehicle sales. What do you attribute that to?

Trucks have become much more than a work vehicle. For many, it facilitates their hobby, but also over the last two years, our all-new Chevrolet Silverado and GMC Sierra, we had people turning in luxury sedans saying, 'I want that truck.' So it's kind of cool to drive a truck. They are a lot of fun and the interiors are very functional, but luxurious. And so it really has become a vehicle that isn't solely a work purpose, but it's attracting so many different customers and we only see it continuing to grow.

I'd like to talk about another area. When you study World War II, one of the lessons learned was the enormous response of private industry to the war effort. One of the things that's really impressed me is General Motors' response to the challenges we had with ventilators or PPE. How did that come about at General Motors?

So I got an email from Ken Chenault, former CEO and chairman of American Express. And he told me there was this ventilator company and wondered if we could help them scale their operation. And so we immediately said 'yes'. Within, I think a day or two, we had some of our most-senior manufacturing leaders on a plane on their way to Ventec [Life Systems]'s headquarters. We're so proud because within a month of getting that first phone call, we actually were manufacturing ventilators. I will be grateful as first the GM team, everybody wanted to be a part of it if they needed help - they just pitched in. And this was very early days in COVID where we didn't know a lot, but there was a lot of concern, but people, put on their masks, followed the safety procedures, but they wanted to be a part of seeing what we could do.

We had an order for 30,000 ventilators from the government. We completed that order last night, on time. Now we have had an orderly transition of the facility that we put the process together and worked with Ventec in partnership to develop this new supply base. I think about half of the parts came from an automotive suppliers; we realized there was one part on the ventilator that was very similar to the way a transmission is designed and they were having quality issues with it. We brought in transmission engineers and they figured out a way to improve the part to improve the quality and the ability to produce it.

It touched so many different parts of our organization and so many different suppliers, and we all came together because the country needed us to. And we thought if we can help, we will. The same was true with masks. One of our joint ventures in China sent us over a hand-drawn line of how they were building masks. We quickly worked with one of our suppliers and to put the assembly line together. We had volunteer employees going in to make the masks. We had to get a new supply of material because we knew we started taking material that was potentially headed to people who already make masks. We were just shifting the problem around. Our seat suppliers were the ones that were able to produce one of the critical pieces of material in the masks that allowed us to make medical-grade masks. So again, I can't tell you the ingenuity, the creativity and the dedication of so many people wanting to do the right thing to support the country.

I think many people focus on what's going wrong and not focus on what's going right. And I think the community and this area is really referred to as social capital. So as I began to study this in the sixties, the largest asset was really human capital, the productivity of people. It was not necessarily a new idea. Henry Ford was quoted early in the 20th

century as saying, okay, 'you can take my factories, just leave me my team and my people will rebuild and be stronger than ever.' Gary Becker won a Nobel prize for this concept in 1992. Your enormous supply chains that you've created, how you were able to redeploy them in these areas. You shut down manufacturing for a period of time. Talk to us about how you reopened.

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Well, we thought it was very important to constantly communicate with our employees. So many of our plants have a Facebook page or have a direct link of communication through emails. And so, well before we started to think we were going to have the right safety procedures from the learnings globally to bring people back to work in the United States, we started having small teams go in, evaluate every operation in the plant to understand, 'do we need to make changes? How did we have the right social distancing?' And so we felt that we had the facilities lined up to provide the appropriate environment. And then we really started to communicate with employees. We actually sent them a brochure of what the safety protocols would be. Many of our plant managers took videos and posted it on their Facebook page, of them going through the

safety procedures as they entered the facility with the series of questions, the temperature check, and all the protocols that they needed to follow. So people started to have an idea of what it was going to be like.

We really feel that our safety protocols are working. I talked to a lot of employees and so many of them said, 'I feel safer at work than I do at the grocery store.' And so it was very

“There's a big difference between seeing what's wrong and doing what's right. Let's stop asking why and start asking what are we going to go do in this moment? We commit to inclusion. We unequivocally condemn intolerance. We stand up against injustice.”

- Email to employees (May 31, 2020)

important to communicate to, and then to listen. Because if you think about it with the pandemic, you have a wide variety: you have people who have a family member who's been impacted by COVID and you might have someone else who knows no one who's even remotely associated a COVID case. And so we also asked everybody to be patient with one another, and to understand that people are coming from different perspectives. And I think I'm really asking everybody to be at their best

and assume goodness, and work together and listen and care. Those same safety protocols are in place day in and day out around the world. And they'll continue to be for quite some time until we have a vaccine or a different solution.

I now want to touch on another area – injustice . You put out this piece that I'd like to just read from for a moment.

'There's a big difference between seeing what's wrong and doing what's right. Let's stop asking why and start asking what are we going to go do in this moment?'

There are a number of observations:

- ***We commit to inclusion.***
- ***We unequivocally condemn intolerance.***
- ***We stand up against injustice.***

'Now this Socrates post may seem more pointed than many of the other topics I've shared. However, in this moment, there is no place for ambiguity. Putting this into

writing is not enough ... At the end of this quarter, I'm commencing an inclusion advisory board of internal and external leaders, which I will chair.

'The initial purpose is to consult with leadership on the long-term goal of inclusion and leadership in our country. Collectively, we will be part of change for now my personal commitment is to assure that the leadership of General Motors and the entire General Motors family consistently remains aware of our responsibility to bring awareness to injustice because awareness leads to dialogue, dialogue leads to understanding, and understanding leads to change.'

Probably as much or more than any CEO I've spoken to in this series, you understand what the job is on the floor of a manufacturing plant, starting there yourself. We have many political leaders who tell us I feel your pain. However, not all of them worked hand-to-hand during their lifetime with their coworkers in that experience. What was the result of this manifesto, if I might use that word, you put out, Mary?

I think the response from our employees and from our other stakeholders was overwhelmingly positive. It was something I spent a lot of time thinking about and I was really concerned because there've been so many cases where the case for action was clear, yet it seems like the news would move on to another story and nothing would happen. And so I felt this incredible need to make sure this was different, and that we at General Motors took action. My leadership team, we all felt the same way. And what I've learned, is our employees were aligned as well. They want to seek change.

We're on a journey. You mentioned earlier, many of the things I'm so proud of with the company well before I was in a leadership role. I took leadership positions

on as it relates to diversity and inclusion. And so we're proud of our history, but we knew we had much more to do. And we talked about wanting to be the most inclusive company in the world. But I'm quick to say I want every company to be there, because if we all provide inclusive work environments, we will change the environment in the country and beyond. And the outreach we had from suppliers, the outreach from dealers of just tremendous support. We're looking very comprehensively at General Motors, of how we drive change, and we talk about wanting to create an environment where everybody can bring their true self to work.

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When I've had a couple people challenging me on the letter, I've said, 'how can you say we don't want to create an environment where everyone can be their true self and bring their true self to work, and be at their best and be respected for what makes them unique, what makes them special?' We've had a lot of great dialogue, we have more to happen. We've had our first Inclusion Advisory Board, which are outside leaders and internal leaders. They reviewed our initial plans and gave us suggestions. It was very positive. We know we need to do more and each of us together have a role to play.

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it's very important to our workforce. But I think if you look at customers, we're watching across many industries and companies to see what actions, if any, would be taken.

Did you take this outreach not only to your employees, but your interaction with your customers? Did you get much of a response from that standpoint?

We had some letters of support from customers, all overwhelmingly positive. I would say the strongest outreach we had was from our employees because we've talked often about the values at General Motors, and clearly our message aligned with our values. And

How was the reaction outside the United States, since you're in more than 80 countries?

I get emails from employees from around the globe offering support, sharing their own stories of what it meant for them, and how important it was. So, it quickly became for General Motors a global desire to create this very inclusive environment and an intolerance for the inequities and injustices.

Mary, you've dealt with two crises: one bringing to a head something that's existed in injustice; and one we've never experienced in our lifetime, a worldwide pandemic. You've been a trailblazer. You've seen almost every part of your company. One of the things we pointed out about a decade ago is in certain years, finance becomes exceedingly important. In the 1970s, particularly with volatility during the financial crisis, and often you find that the CEO rose from a financial side of a company. But in the 21st century, our feeling was that the CEOs would be rising quite often from the human resources side of the company. Young people want to be proud of what the company they work for does and what it stands for. What is your leadership style?

I would say inclusive and collaborative. I believe that great ideas come from everywhere. And, when you look at the complexity of our business, our global footprint, when you look at just the complexity of a vehicle – 30,000 parts integrated with hundreds of millions of lines of code – one person can't know everything. And so I really try to create an environment where everybody can contribute and we can look at challenges or opportunities from multiple lenses to get the best solution going forward. So that's what we strive to do every day. I have an incredibly strong leadership team, and the people of General Motors just continue to impress me and make me proud every day. So it's about the people and creating an environment that really empowers them to innovate and create and do their best.

You mentioned that word 'code'. I'm not sure everyone or our listeners fully appreciate the technology that goes into an automobile today. In many ways it's a living computer with all of its sensors. So you also have a challenge of dramatic change going on within your own industry and the transportation industry. Our Global Capital Markets group at the Milken Institute consists of organizations, many of which have invested in General Motors, who have their own money. So it sovereign wealth funds, insurance company, pension funds, endowments, foundations, and large family offices. And we have seen this dramatic movement to ESG over the past decade as they focused on the future. Obviously, this is in your plans of the future of General Motors, as we think about what is the car of the future. Besides everything else you've dealt with, talk to us as to what you see the future of the automobile and transportation, and what role do you see General Motors playing in that?

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We intend to play a very strong leadership role in the future of mobility. We are investing heavily. We already have Chevrolet Bolt EV all-electric vehicle on the road. And we've shared that we have a new Ultium platform, where we'll be bringing several different vehicles across segments and across our brands into the market because we believe in an all-electric future. We also believe in autonomous from a safety perspective and what it enables. Cruise, the company that we are majority owned with others, we also feel is in a technological leadership position to really change from an autonomous starting with ride sharing, but then using that technology across many dimensions.

We also look at how we make our products and we've set a goal for ourselves that by 2040 we will run on all renewable energies. In the U.S., we will achieve that by 2030. We're looking at the recyclability of all our materials and really changing a lot of aspects

of a vehicle, to really lead from a sustainable perspective, from an environmentally appropriate perspective.

So this is an incredibly exciting time. We just started to get some early feedback on the Cadillac Lyriq, which is an electric vehicle we'll be launching in the 2022 timeframe. And next year we'll be launching the GMC Hummer EV. That's just the beginning of this momentum. We also have shared the Cruise origin, which is a rideshare vehicle. It kind of redefines what ride sharing is. I couldn't be more excited about the future for General

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Motors, and I do believe we're in a leadership position to really provide experiences that customers love and solve their issues and create a value for them that is really exciting. I can't wait till we can even share more of our plans.

So Mary, in closing, you've faced so many challenges this year successfully in your leadership. What about your own family? How has your own immediate family dealt with the demands upon you demands on your company, time changes, etc.?

I have a wonderful family. My husband and I celebrated our 35th wedding anniversary this year, and he's my best friend and cheerleader, and often the person who can give me good constructive criticism as well. And then we have two adult children; one finishing up her senior year in college, the other already in the work world. We're all healthy, and for that I'm grateful. I just appreciate the fact that we have a strong family and we enjoy each other's company. And, so again, I feel very fortunate to have a family where we are all well and thriving.

I want to mention one other thing just to follow up on what you said, in that was everyone is unique and to understand people might be experiencing different things. One of the things we've been very concerned about is mental health and how people are adjusting to the challenges. And obviously the interaction of employees on a plant floor or other interactions, you never know what that other person might be experiencing at home or in their family. Have you done anything different on the health front at the company to deal with these potential challenges?

I have two grown children, but to think about when my husband and I were both working and our children were school age, to be homeschooling at the same time. So we provided support, we provided suggestions, we've even had Zoom meetings where people shared what they're doing to solve challenges. And so, we tried to be very open about it, that realize everybody is going through challenges in our manufacturing facilities. In many cases, the teams are like family and they know what's going on and they support each other. And so that's been important too. And that's one of the reasons I think we're so successful with our protocols, because people say, 'look, I don't want to be the person that got someone else sick. I want to do my part.' And so that sense of community and sense of belonging and looking out for each other is something that is very strong in the General Motors culture. But I think at this time to your point, we're trying to do even more just to make sure people know there are resources, they can talk to their leader. I've learned about myself, about the need to work out and get in a break every now and then. I think sharing stories – and many of our leaders have done the same – helps people know that it's okay if they're being challenged.

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Well, Mary, I want to thank you for joining us today. I also want to thank you and General Motors family for its leadership during this period of time in every single area, whether it's the area of injustice and inclusion, or whether it's the area of providing ventilators or PPE to all of our communities. We look forward to the mobility company of the future that you're building.

Well, thank you. And thanks for the very important work that you're leading that is going to help benefit not only the country, but the globe. So thank you for your leadership.
