

GM taps Microsoft CFO to run finances

TOM KRISHER - AP Auto Writer - Associated Press

General Motors Co. has hired the chief financial officer of Microsoft Corp. to take over the troubled automaker's books, tapping a cost-cutter who is now widely seen as a potential candidate to be GM's next CEO.

Chris Liddell will become GM's finance chief starting next year and report directly to interim CEO Ed Whitacre Jr., who also is a newcomer to the automaker. The 51-year-old Liddell is the first permanent top manager hired from outside the company since it left bankruptcy protection in July. Whitacre, who says he wants to shake up GM's slow and rigid culture, has pushed out top executives and promoted younger managers in recent weeks.

GM's announcement Monday of Liddell's appointment led several industry analysts to say he may be trying out to take the permanent CEO position, perhaps as early as next year. The hiring also shows that GM can attract top talent despite its uncertain future and pay limits imposed by its majority stockholder, the U.S. government.

Liddell replaces GM CFO Ray Young, who was transferred to GM's operations in China. The former head of the government's autos task force wrote that GM had the weakest finance operation that task force members had seen in a major company.

Liddell, a former investment banker and Oxford University graduate, brings from his tenure with Microsoft a reputation for holding down costs and stockpiling cash. Microsoft announced last month he was stepping down to pursue jobs above the level of CFO.

The New Zealand native is a likely candidate for the top position at GM and could be taking the CFO job to get to know the automotive business, management experts say.

Whitacre, who is 68 and the former head of AT&T Inc., became interim CEO earlier this month but says he doesn't want the job.

Jeffrey A. Sonnenfeld, a professor at the Yale School of Management, says it's hard to imagine Liddell leaving a strong global icon like Microsoft for an "eroded pillar of an old economy" without being dangled an opportunity to run it.

GM spokesman Chris Preuss said he does not know if Liddell is a candidate for the top job. He also said he does not know Liddell's pay package, which could be controlled by government-imposed pay limits.

If he gets the CEO job, Liddell would be the first foreign-born GM CEO in the 101-year-old company's history, said John Heitmann, a professor at the University of

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Dayton who has taught classes on automobile history.

GM's culture once was very American-centric, but a new globalized GM now would accept a leader from another country, Heitmann said.

Liddell led an effort this year to slice \$3 billion in costs at Microsoft after it became clear the technology industry would not be immune from the effects of the economic meltdown. The plan included the software company's first mass layoffs, wage freezes as well as cuts to employee travel and other expenses.

Liddell also made stockpiling cash a priority. In the most recent quarter, Microsoft's cash and short-term investments that could be quickly converted to cash jumped to \$36.7 billion from \$31.4 billion three months earlier.

He joined Microsoft in 2005, and during his tenure, the company based in Redmond, Wash., remained an avid acquirer of smaller companies, including a \$6 billion takeover of Internet advertising technology provider aQuantive Inc. He was also on board when Microsoft made its \$47.5 billion bid for Yahoo Inc. in 2008.

"We're also looking to his experience and insights in corporate strategy as a member of the senior leadership team in helping our restructuring efforts," Whitacre said in the statement.

Liddell came to Microsoft after serving in the same role at International Paper Co., a global paper and packaging manufacturer and distributor.

Before IP, he had CEO experience as the top executive of Carter Holt Harvey Ltd., then New Zealand's second-largest listed company. He also was managing director and joint CEO for CS First Boston NZ Ltd.

Peter Misek, an analyst at Canaccord Adams, says Liddell has both higher ambitions and higher skills that could propel him beyond the CFO level.

"I suspect, I don't know, that the GM challenge is enormous, and if he does a great job there, it will position him well" for the CEO role, Misek says.

Liddell was able to do what many executives could not at Microsoft: change a culture of limitless growth.

"Microsoft wasn't designed for expense containment," Misek says.

Liddell holds an engineering degree with honors from the University of Auckland, New Zealand, and a Master of Philosophy degree from Oxford University in England. He also is a member of the U.S. Securities and Exchange Commission's Advisory Committee on Improvements to Financial Reporting.

Gerald Meyers, a former chairman of American Motors Corp. who now teaches at the University of Michigan, still thinks Whitacre will take the CEO job, but says it's not out of the question that Liddell is getting a trial run.

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"If his stated ambition is to be a higher level than CFO, there's really only one level above that, and that's CEO," Meyers says.

GM has received \$52 billion in U.S. government aid and had a brief 40-day stay in bankruptcy protection earlier this year. Whitacre is trying to change the culture and inject new life into the automaker as it tries to make a comeback.

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AP Technology Writer Jessica Mintz in Seattle contributed to this report.

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