

Masters of Scale Rapid Response Transcript – Mary Barra

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I've already heard people in the company say, “We want to go ventilator fast.” And I love that.

I've gone through a whole range of emotions. We've got to move from asking ourselves why this is happening and move to “What can we do about it?”

Our diversity, our culture, our inclusion, do we have work to do? Absolutely. And we're going to approach that with a much more heightened sense of urgency – but we also have a lot of opportunities.

BOB SAFIAN: That's Mary Barra, Chairman and CEO of General Motors.

After shutting US auto plants in March when the coronavirus hit, Barra temporarily reduced pay for 69,000 employees.

At the same time, she fast-tracked production of masks and ventilators, one of the largest organizations to pivot to meet new needs.

Now GM is re-opening plants, seemingly coming full circle. But after the killing of George Floyd, things are hardly back to normal. Mary talks about what she calls her “profound feeling of sadness” at this time.

But she's also optimistic that the country and her company will bounce back.

I'm Bob Safian, former editor of Fast Company, founder of The Flux Group, and host of Masters of Scale Rapid Response.

I wanted to talk with Mary because so many social and economic issues come together with GM: from worker safety to business adaptation to corporate responsibility for addressing inequality.

Mary stresses that there's a lot more work to do, including heightened urgency around inclusion. But her glass, she says, is three-quarters full.

[THEME MUSIC]

SAFIAN: I'm Bob Safian and I'm here with Mary Barra, CEO of General Motors. Like many industries, the auto business has been stalled by the pandemic. For GM, sales have been impacted, manufacturing, supply chain in the U.S. and around the world. And since George Floyd's death, another layer of challenge has risen. It's a season of high uncertainty, with difficult leadership decisions all around. Mary is coming to us today from her home in the Detroit metro area as I ask my questions from my home in Brooklyn. Mary, thanks for joining us.

BARRA: Oh, it's great to be here. Thanks so much for having me.

SAFIAN: So far in 2020, we've experienced an unprecedented health crisis, an economic crisis, and most recently, a social crisis. The past few weeks have put into relief that even when you try to be prepared, there are these unexpected twists that come. How have the days since George Floyd's death impacted you and how have they impacted GM?

BARRA: Well, I think they've impacted me. I've gone through a whole range of emotions. It was such a difficult thing to see and then to step back and realize that we're still at this place. And so I've spent a lot of time talking to different people on the GM team. We actually put a letter out to the employees saying we've got to move from asking ourselves why this is happening and move to "What can we do about it?" I'm an action-oriented person. And so I think my frustration and my deep profound feeling of sadness was coming because I didn't know what to do to start to make change.

And then I realized as I shared how I felt, and on behalf of the company with our employees, it was an outpouring of response. Over hundreds and hundreds of employees responded. Some with support that we need to take action, but many with telling their stories. And through their stories I started to learn. And that's why one of the first things we're doing as we form our inclusion advisory board is we're going to listen. In fact, we have listening sessions set up with members of the GM team this week and through the month so we can learn and make sure that we're taking steps and actions that are going to drive real change.

SAFIAN: So you created this advisory board. I know you committed \$10 million dollars to promote racial justice. Do you think, why didn't we do this before? Or why did we need a crisis to get to this next level?

BARRA: That's a question I keep asking myself. I think what has crystallized for so many now is this is about respecting everybody and truly creating a country, a world where everyone is valued, everyone can be their true self. And that's what we want to have happen at General Motors. That's the environment we want to create so we feel everyone can do their best when they can be themselves. And I think it was just a complete realization that that does not exist right now. And therefore we have to take immediate action to fix it.

SAFIAN: It's such an interesting transition I think that business leaders have gone through in recent times, but your responsibility to your employees, to your investors, to your community and larger society. How do you weigh what your responsibility is as a leader in a time like this?

BARRA: When we face different issues and questions like this, we always go back to our values. And we've asked every single employee and those who do business with us, all of our stakeholders: to understand GM is to understand that we're a values-based company. And if you're going to live your values, there are certain topics – this is one of them – that you have to take action. You owe it to your employees, you owe it to all the stakeholders, but frankly, as a corporation that can influence, you have that responsibility as well.

SAFIAN: And all this of course comes in the context of this pandemic, which we've been struggling with for many months, which has had its own waves of disruption. Right? First, the focus on health and safety issues; pivoting production to PPE, making masks and ventilators; and then the return to work protocols and reopening. In all of this, what's been the most difficult decision for you? Or have there been difficulties that are different at each stage of this?

BARRA: I think that one of the biggest difficulties as the virus really came into the United States, there were so many unknowns: How long was it going to last? How deep was it going to be? How long were we going to be unable to make vehicles? When we were able to make vehicles, what would demand look like? How much of a hit had impacted the economy — would there be demand?

And so with that, with all that uncertainty, we had us take steps to make sure we were securing the company for the long term, for all of our stakeholders. And so that was one of the first challenges, closely followed with making sure we knew how to have people come back to work safely. One of my coworkers, a member of our leadership team, he always talks about the fact that first it's lives, then it's livelihood – and both are important. Our medical director used to work at the CDC. So we immediately started working on: What are the protocols? What are the learnings from other parts of the world of how we can create an environment where people have confidence that they're safe and they can come back to work?

And we needed that pretty quickly, because as we were making masks and ventilators, we needed to provide that environment to those volunteers who came back to do that. So that was the second phase. And I would still say we're planning for a wide range of potential outcomes. We're hoping for the best. We're hoping that there isn't a more severe outbreak, another outbreak. And we're also hoping that the economy recovers. But we're also making plans for a much more conservative outcome, just to make sure we're being responsible from a company perspective.

SAFIAN: And so those early protocols that you put in place for folks who were making masks and ventilators, they're the same protocols that you're now putting in place for the larger operation, or did those evolve over time as you learned new things?

BARRA: Because we had the learnings from China, we had the fundamentals. And so we were able to start at both the mask plant and the ventilator plant using those, along with social distancing. But what I would say is also our employees have come back and they've found ways to make it even better. Suggestions as simple as, instead of everybody touching a human machine interface keypad, use a pencil eraser. So everybody has their own pencil. So it's clever things like that that our employees have come up with to make it safer and make it better.

SAFIAN: And so they're not necessarily complicated. They just have to be applied consistently.

BARRA: Exactly. And the number one thing we have learned is appropriately wearing the mask. And I've been in seven of our facilities since we've restarted in mid-May. We took the time to train everybody, have them understand, ask questions, give them answers. So, as I visit our facilities, people are wearing the mask and they're wearing it appropriately. We all have experienced masks now, and it's not the most comfortable, but when you understand you're doing it for your fellow employee and those you're surrounded by. As one of our team members just said to me last week, "I don't want to be the guy that gets someone sick." So everybody is adhering to it, they understand it, and again, they're finding ways to make it work.

SAFIAN: In these visits to the plants, are there particularly memorable moments? Has the environment in the plants changed from the first visit you made to the one that's most recent? How is the mood evolving and all of that?

BARRA: A number of people have told me they are so glad to get back to work. They understand that it's important. They love their job. They want to be there. There were people who shared that as they were thinking about coming back, either they were worried about it or their spouse or their family was worried about it. But as they went through the training, they were able to take the material home, share it. I haven't been in a facility yet where someone hasn't told me they feel safer at work than they do going to the grocery store.

SAFIAN: At some organizations there's sort of this battle underway between folks pushing for a return to normal and others who are looking at the speed of change that was allowed during this crisis time and saying, "Oh, we don't want to lose that." With your ventilator production, I know you partnered with a firm in Seattle, you set up a facility in Indiana, you hired a thousand people, you instituted new protocols. How do you keep that spirit when maybe the crisis isn't quite as acute?

BARRA: Well, I've thought a lot about that, because to your point, I don't want to go back to the way it was before — because I have just seen so many things be done so quickly without bureaucracy. So to me, the number one thing I think we need to do to be able to move at that speed is to empower people. We had teams that they didn't go through a couple of levels of review. They just said, "I know I've got to get this done. I know it's the right thing to do. I'm going to do it." We saw that in the ventilator production. We saw it as they did mask production, and I've seen it in other areas.

Somebody was telling me a story of something that usually it would take two weeks to get all the buy-in and all the approvals, and they got it done in 24 hours, and that's making everybody's lives better. So we've been talking about that as a company, because it's better for everyone. It's better for the company, but it's better for everybody doing the work.

SAFIAN: So if you're going to move beyond this bureaucracy, how much of that is dismantling rules versus culturally getting people to say, "We don't need everyone's approval." How do you make that transition?

BARRA: It's a bit of both. For the ventilator project, as an example, we have to empower them. So we have to let them know it's okay. Occasionally, is there going to be a mistake or a problem? Yes. But the odds are it's going to happen very infrequently, and when it does, we'll fix it. We know how to do that. So I think it's making sure people understand that we want to move fast, but we want to move smart — and there's a difference. So I think we're going to have to continue to empower people. They know how to do the job the right way. For the few times where it won't work out perfectly, we'll just move on. I think that's going to be number one.

There's a whole bunch of people around who can say yes or no. Do we really need all those buy-ins or is there a couple key people and then everybody else just needs to be aware? So I think that's going to be a change that will take some work, because I think as people go back, their mindset will be, "Well, wait a minute. I used to have a say in that." Well, the question we have to have everyone ask themselves is, do you really need a say? Or do you just need to know? So we'll have work to do for sure.

SAFIAN: And I guess, as you're saying, a certain tolerance for experimentation that may not work out ideally, but as you say, you can fix it.

BARRA: Yes. Because we have such talented people, 98, 99% of the time it's going to work out just fine. So do you really want to slow everything down for that 1 to 2%? Or do you want to use the team that has the speed capability now to just fix those issues where you're going to have to tweak something?

SAFIAN: Did you realize before that you were moving slower than you could have been moving?

BARRA: You know, I think when people ask me that question, "What keeps you up at night?" I always say speed, because we're a large corporation, but the world is moving quickly. Our industry is transforming quickly and I feel very confident in the strategy we have – but no one's going to wait for us. So we have to execute with a sense of urgency. It's been something that's been on my mind for a while. So now to see the company really embrace it and move forward because of this tragic situation, that is one of the silver linings. I'm also confident though, the people aren't going to want to go back. They know what they can do, they know what they can accomplish, so I think there'll be enough will to make it permanent.

[AD BREAK]

SAFIAN: You saw the pandemic unfold in China and in Asia first, you have a global business, obviously there are some things that you learn from that that you apply to the U.S. Where is the learning curve going about the things that you're applying?

BARRA: You know, I think because the China team and the creative team were so successful, I think it really, it was like, "Let's learn what they did and just copy it and take it." Then Brazil followed suit and Mexico, across the globe. So what I think has really happened is there's been an increased value of learning from each other. And instead of looking back and saying, "Yes, I know that work there, but we're different. So we have to re-create." Again, speed caused people to say, "If it worked there, it should work here. So I'm just going to do it."

SAFIAN: As you mentioned these protocols, you mentioned asking people questions and getting information. There are a lot of new technologies that different folks are rolling out, infrared temperature and trackers. Are all of those technologies things that you think are having lots of impact, or is the most important thing gathering the information and being clear about the communication between the different people on the team?

BARRA: I think it's a combination. One of the stories I learned is in our battery assembly plant, we had some infrared scanners that were for a different purpose. And again, as

we got into this and not knowing if we would have enough of everything we needed, they reprogrammed and repurposed them. So we're using technology, and we're piloting many of the different contact-tracing tools to look at what's going to be best for us in our facilities. We do have a lot of people that work, just as a regular basis, closer than six feet, and that's why the masks and the regular cleaning are so important. So I think it's really a combination, but the number one thing is, there's always ways we can make it better, use technology, but the core of what we need to do doesn't change.

SAFIAN: The issue of contract tracing that you mentioned – now it's become like a criteria for health. How do you balance those, the privacy and the health needs for safety needs?

BARRA: Well, I think many of them, they'll be opt-in. And so people will have a choice if they want to opt in. We're doing manual contact tracing right now. And again, I think virtually everyone doesn't want to be responsible for getting someone sick, or if they are, they want it to be understood as quick as possible so anybody they may have been exposed to can self-isolate. So I think it's just the human good and wanting to respect your fellow team members is what's causing people to be okay with the questions. And again, we're just in the early phases of piloting some of the apps.

SAFIAN: In the midst of all this, managing the health, managing the social, there's financial pressure: sales dropped, showrooms closed. There were costs that you had to cut back on. People delayed getting some of their payments, right? Some of you took pay cuts. I know you took a pay cut as part of this. Are there plans for the future that you felt like you had to cut back on also to give you the financial flexibility to move through this period?

BARRA: Well, one of the things that we quickly did is we did what we called a zero-based budgeting approach. So almost every expense had to earn its way back in, no matter how small. And that really caused everything to get scrutinized with a pretty tough eye. And so I think there are things that we'll say, "You know what? We were able to cut that pretty easily. We really haven't missed it. So we're not going to keep doing that," whatever that was.

I would also say another silver lining is through this period where a lot of the dealerships closed, the service side in many cases was open because it was considered an essential service. And many showrooms were impacted, our dealers, again, pivoted quickly and showed the agility to move to a mostly online sales process. We have a tool called "Shop, Click, Drive," and we actually are rolling out even more enhancements to it right now. So just as the company pivoted, so did our dealers. They also worked to develop contact lists and clean delivery processes.

And I think that helped us across the country. That's something we can do more of, because we've seen how consumers across the globe, across the country, they are used to buying things online. And that was something that you couldn't train. It was harder to

transact a whole vehicle online. We'll be to the point very quickly working with the dealers to make that happen. And so that's a positive thing that will come from this.

So again, it's a question of what do we no longer need to do because it really wasn't adding as much value and it finally got the scrutiny it needed, and then what are the things we did to adapt to the new situation that customers are going to appreciate, or that's going to make our business more efficient, get rid of bureaucracy. It's a combination – and frankly, it's pretty exciting.

SAFIAN: There was an assumption in other periods that people would not buy a vehicle or not many would buy a vehicle like a car or a truck online, that it's something you had to go to a showroom, you needed to drive and to experience. And it sounds like you're saying that maybe we've crossed a threshold where maybe that's shifting and the larger portion of business in the future will be transacted that way, the way it is for other goods.

BARRA: I think we're going to see more of a shift. I don't think it will be 100%. I think there's still some people who literally want to go kick the tires, but I think the more that we can make the process easy and we can allow a consumer to do it the way they want to do business. Whether it's fully online and delivered to their home or it's portions of it, I think meeting the customer where they want to be is what we're going to strive to do.

SAFIAN: And “Shop, Click, Drive” was in place before the pandemic came, right? This is a tool that you could lean into, your dealers could lean into in this time?

BARRA: Exactly right. And they leaned in pretty quick and the usage rate went up dramatically. But then we also leaned in very quickly and realized there were some other features that we needed to add and did that very quickly as well. So it was both.

SAFIAN: When you were doing this zero-based budgeting and you were looking to the future and a lot of money that you've invested in autonomous vehicles, electric vehicles, did those things take a back seat?

BARRA: Well, we see electric vehicles and autonomous vehicles as the future. And so those were areas where we didn't cut at all. In fact, in some cases, we said, "Can we go faster? Can we leverage this situation to transform even more quickly?" And so those programs are on track, maybe even a little ahead. And that's the focus that we kept on them, funding and resources.

SAFIAN: How does this period allow them to get ahead?

BARRA: Say for instance, we were doing a minor model enhancement, saying, "Hey, that's not as important," and we were able to transfer resources over to work on that. So

we actually supplemented resources on the key programs we wanted to make sure stayed on track, or like I said, could even move ahead a bit.

SAFIAN: I guess there's a greater emphasis on the models that are in more demand as you're ramping up production as opposed to the models with lesser demand.

BARRA: We are just in the final phases of launching our all-new full-size trucks and SUVs, we did light-duty and heavy-duty trucks over the last 18 months. Those vehicles are very much in demand. So as we return to work, we're very focused. And if there has to be decisions from a supply based or a resource based, they're getting the first attention because they have such high demand.

SAFIAN: Are there things that we haven't mentioned that you look back and you say, "We've learned from this situation that will better prepare us for the future"? "Or things we should be doing to prepare for the future differently"?

BARRA: You know, I think one of the learnings did come from the ventilator project, because it was literally from when the first contact was made to when there was a ventilator rolling off the line, it was a month. And engaging our supply base and having them work with us. Our supply base was just outstanding in that here's automotive suppliers and we literally had a bin of parts and we started releasing prints and saying, "Who can make these?" Because we knew we needed to get new sources to be able to build the number of ventilators we wanted to build. And our suppliers stepped up.

And so I think there's an opportunity in situations like that to move more quickly; still, quality and safety will be our overriding priorities, but to partner and work that way. I think, it showed everybody when there's a will, there's a way, as my mom used to say. And they demonstrated it. And so I think that can-do attitude, I've already heard people in the company say, "We want to go ventilator fast." And I love that.

SAFIAN: How do you think about what's at stake?

BARRA: Well, I think we're an industry in transformation. There's very capable, I'll say, traditional competitors and then there's new competitors. And so leading from an innovation and a technology perspective is how we win and how we provide the most value to our customers – and ultimately society when you look at our vision of creating a world with zero crashes, zero emissions, and zero congestion. And so making sure we've got the right talent and we're deploying the right resources to accomplish that, I think has a huge impact on our success in the future.

SAFIAN: I was talking to Danny Meyer in the restaurant business, and he sort of sees some of his role now is not just helping his own business, but helping the whole industry. That's not necessarily the priority.

BARRA: Well, I would say it depends on what we're talking about. One of the things that the industry did is we worked together on the safety protocols. So we shared ideas, lessons learned. I could tell you from a U.S.-based automotive manufacturer, we may not be doing it exactly the same, but we're following all the same principles and protocols. So those are areas we don't want to compete.

I've also had conversations with some of the other OEMs, and we're talking about the fact that with what we were able to do with mass production and ventilator production, there seems to be a new appreciation for manufacturing, and we think that's very important as well. So I think it depends on the dimension. We do want to distinguish ourselves. We've been working hard for many years to make some of the tough decisions to strengthen the company, investing in technologies that we think will transform the way people move. But there are some things that are good for the industry, good for everyone. And safety was one of them.

SAFIAN: You're very calm as you talk about all this. I know it's been a tumultuous time. You're working from your home. We're all working in different ways. Are you stressed?

BARRA: I'm sure there were many moments over the last several weeks and months that I've been stressed, but I have a great team. There's not a time of the day that I can't pick up the phone and get the whole team or several members of the team on the phone, and we just talk through the problems. I'm an engineer, so I believe there's always a solution. We just have to find it. When they say, "Is your glass half full or half empty?" I would say mine's three-quarters full. So I believe we'll find a way, but you know that yes, there's times where it's a bit stressful, and it's why I have such a great team that I can rely on.

SAFIAN: I know a lot of folks feel like just when things were getting easier, or we were getting more comfortable with them, social changes happened. GM has a better position than most companies on gender inclusion. Your board, for example, half women. But the leadership isn't necessarily racially diverse. Alexis Ohanian recently resigned from Reddit's board to open up a place for more diversity on the board. Have you guys had any board discussions about things like that?

BARRA: Well, I am really proud of our board that is diverse from a gender perspective and from a race perspective. And broadly, every time we added somebody to the board, we look at the ultimate, which is diversity of thought. And we work hard. One of the things the board oversees for the company is our diversity, our culture, our inclusion. And so do we have work to do? Absolutely. And we're going to approach that with a much more heightened sense of urgency – but we also have a lot of opportunities. So I know, again, after we listen, as we look at what are the most important things, there's

things that are going to take some time, but there are some things that we can do immediately. And we'll do both.

SAFIAN: Do you feel like there are specific things that you already hope the inclusion board leads to or is that just wide open?

BARRA: I think it's wide open. We want to look at short-term and long-term, and we want to look at what's really going to drive lasting change within the company; and then as our role outside the company with our corporate giving, with what we do from a lobbying, from a legislation, what we support. And so I think it's multi-tiered.

But I'm also working on the business roundtable. I'll lead the education and workforce, but there's also a focus on health care, criminal justice, and finance. And I think those are four fairly big areas that if there can be real change, I think we'll have an impact. And education is my passion. My brother and I are both first generation college students, and my mother believed that education was the pathway to living the American dream. Both my parents grew up and were born and raised during the Depression. And so education is one of my passions, and so I know that will be a big piece of it, but I think there's much more.

SAFIAN: Thank you for sharing your time, and your perspectives, and your insight with us. I really appreciate it.

BARRA: Thank you. It's been a pleasure.